THE FORBES INTERNATIONAL 500 SURVEY

1992—IS EUROPE READY FOR UNION?

Forbes

THE WORLD'S BILLIONAIRES

HOW THEY MADE IT • HOW THEY INVEST IT • HOW THEY KEEP IT

38 NEWLY UNCOVERED ONES OUT OF A TOTAL OF 192 • HOW THE WEALTHIEST MAN IN THE WORLD LOST A BILLION AND HARDLY FELT IT • 6 WOMEN BILLIONAIRES • 3 LORDS OF COCAINE • WHY GERMANY'S BILLIONAIRES INVEST OUTSIDE THE HOMELAND • THE SELF-MADE, THE INHERITORS, THE FAMILIES AND MUCH MORE

Forbes

Cover illustration by Kinuko Craft

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78 *A united states of Europe?*

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NUMBER 2

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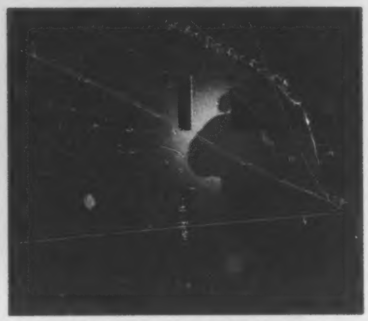

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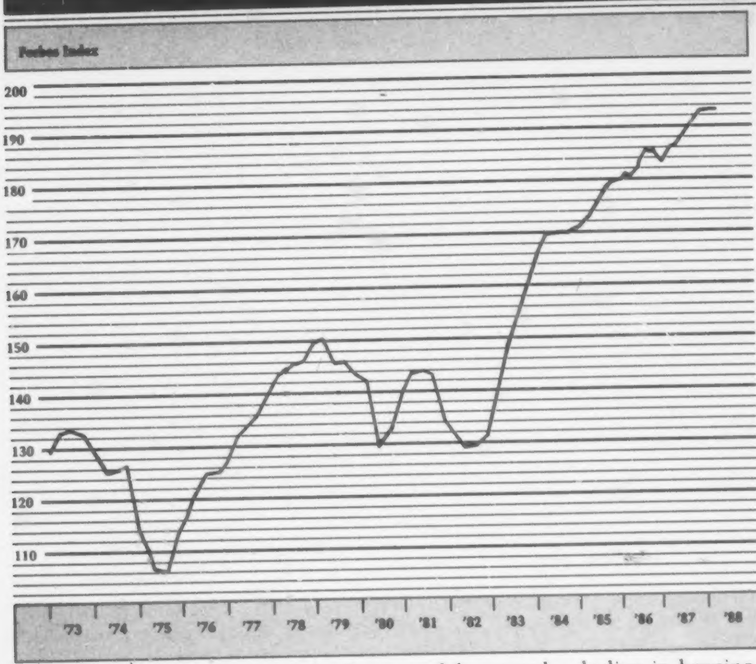
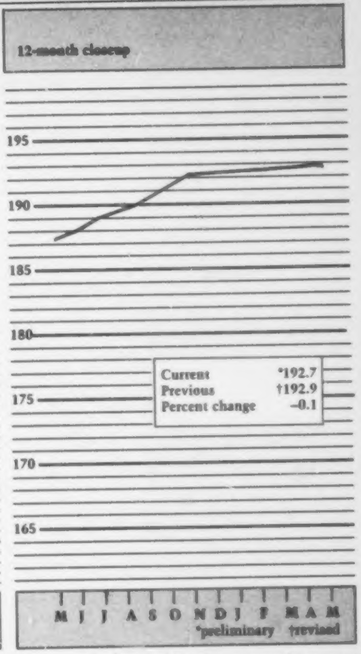
The Forbes Index





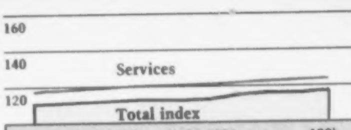
Signs of slippage. The Forbes Index has turned downward for the first time since January 1987. The preliminary May figure shows a decline of 0.1%. (We will have a final number once the May consumer installment credit number is released.) The Index was hurt by the recently reported 1.9% drop in manufacturers' new orders, coupled with a 0.7% rise in inventories to a record $223 billion. The 9% decline in housing starts and the 3.4% increase in new unemployment claims reported earlier in the month also pulled down the Index.

The Consumer Price Index (not seasonally adjusted) was up 0.3% in May; the services component was up 0.4%. If the weather in the farm belt does not improve in the near future, the inflation rate is bound to increase.

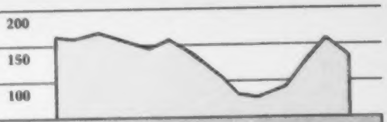
The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

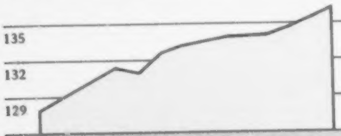
To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



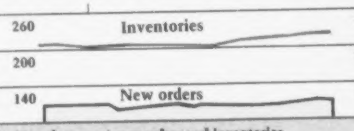
Consumer price indexes (1982-1984 average = 100) all urban consumers, unadjusted (Dept. of Labor)



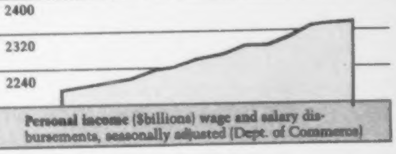
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



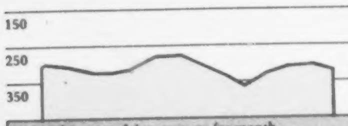
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



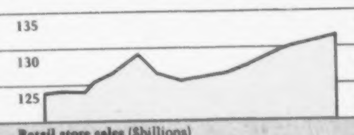
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



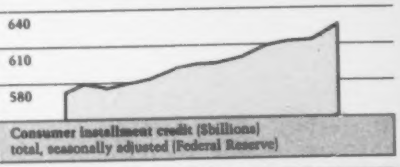
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



Unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail store sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

While Wall Street staggers under high overhead and low volume, A.G. Edwards sits profitably and waits patiently for the individual investor to return to the market.

Sanity in St. Louis

By Richard L. Stern

WALL STREET is suffering from too much capacity and too little business. But in St. Louis, Benjamin F. Edwards III, chairman of A.G. Edwards, Inc., keeps showing them how to do it right.

McMichael Rauh

Chairman Benjamin F. Edwards III

"Run a tight ship and investors will be back."

In good years on The Street, like 1986, or in bad, like 1984 and 1987 *(see table, p. 52)*, Edwards' margins outshine its strong, regionally based competitors such as Legg Mason and Raymond James, as well as those of the giant national firms like Merrill Lynch, PaineWebber and Shearson Lehman Hutton.

Edwards is no longer merely the strongest of the regional firms. Over the last decade, revenues have increased at about 13% a year as the company steadily hired new brokers. With 3,300 registered representatives in 354 offices in 46 states, A.G. Edwards keeps producing among the highest returns in the industry while building a sales force that now ranks as Wall Street's sixth largest.

Much of the industry has gone galloping after new income from merchant banking, currency swaps and risk arbitrage. Edwards has remained a brokerage house in the true sense of the word. Manhattan-based competitors like Merrill and Shearson have become major players in mergers and acquisitions, while building huge in-house mutual fund operations to capture fund management fees as well as sales commissions. They have become integrated businesses that manufacture much of what they sell. Not Edwards, which prefers to sell products made by others.

And these partly integrated competitors can't match Edwards' net profit margins and return on equity.

"The thing is," says Ben Edwards, 56, with a grin, "I'm just not smart enough to run more than one business at a time. In-house mutual funds would divert both capital and management attention from our basic business as a brokerage house."

Edwards has noticed that although rival firms have gained millions in revenues from management fees and other diversification, overall their margins keep slipping. By not running its own funds, Edwards leaves its salespeople free to push whatever mutual funds they think will do the best job for clients. It seems to work: Three years ago Edwards' mutual fund sales commissions for the first time surpassed revenues from listed securities commissions. Two years ago mutual fund commissions accounted for a record $148 million, vs. $110 million in commissions from listed securities. Even last year, when mutual fund sales fell sharply after the crash, they still brought in $93 million, compared with $115 million in commissions from listed stocks.

Until its acquisition of the investment banking and trading house of Lehman Brothers in 1984, Shearson was also very much a commission-oriented firm, renowned for its tight management. But now Shearson is an integrated investment house, operating in all facets of the business and packaging its own mutual funds. Its profit margin last year was 1.8%, compared with 9.6% in 1983. Edwards', despite last year's Wall Street rout, was 8.6%, compared with 11.4% in 1983, according to Perrin Long Jr. of Lipper Analytical Services.

The fruits of diversification? Shearson had to set up a $60 million reserve for tin trading losses, last year and took a $70 million aftertax hit from its postcrash losses, mostly from its investment banking participation in the ill-timed and ill-conceived public offering of British Petroleum.

At Merrill, earnings last year were $391 million on $10.9 billion in revenues, compared with $454 million on $9.6 billion in 1986. And 58% of its pretax earnings were from one-time transactions, like the sale of its headquarters building.

"Wall Street firms have justified diversification, contending it would enhance profitability, but mostly it has been at the expense of the shareholders," says brokerage analyst Brenda McCoy of PaineWebber. Because Edwards is a retail brokerage, its stock has languished along with the market. It recently traded at 19, or 11 times earnings, slightly below the industry average of 13.

The floor-to-ceiling picture window in Ben Edwards' sixth-floor office looks out at the skyline and at the soaring silvery arch that symbolizes St. Louis as gateway to the West. Far from the trendiness of Wall Street, Edwards and his firm have no plans to become like its bigger competitors. "We'll keep adding salesmen and offices, and helping our brokers increase their production," he explains. "Maybe we'll open retail offices overseas."

Edwards expects the 13% annual growth of the last few years might slow to 7% or 8%, at worst. The firm took a $12 million hit in the crash when three salesmen speculating on their own in options indexes couldn't meet margin calls. Net earnings for its

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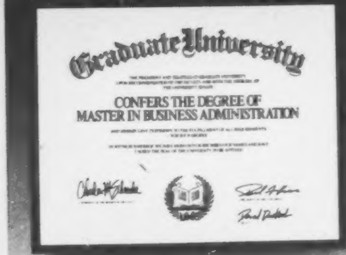

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It's better in St. Louis

By sticking to what it knows best—basic brokering—A.G. Edwards has outperformed top regional brokers and big wire houses as well through good times and bad.

NET PROFIT MARGINS*

	1987	1986	1985	1984	1983	1982
AG Edwards†	8.6%	10.2%	8.5%	6.9%	11.4%	10.8%
Legg Mason	4.1	7.6	6.7	4.2	8.3	5.8
Raymond James	4.4	5.2	5.9	3.1	6.7	4.6
Merrill Lynch	3.6	4.7	3.2	1.6	4.1	6.1
Paine Webber	3.0	3.1	2.1	.6	4.6	4.8
Shearson	1.8	7.3	6.4	4.7	9.6	9.5
Industry average	1.3%	5.5%	5.5%	3.0%	6.8%	7.2%

NET RETURN ON AVERAGE EQUITY‡

	1987	1986	1985	1984	1983	1982
AG Edwards†	18.4%	22.4%	16.3%	11.3%	26.1%	25.3%
Legg Mason	10.6	18.0	15.9	8.7	26.0	26.5
Raymond James	13.3	16.2	17.0	7.3	24.7	25.3
Merrill Lynch	12.6	17.4	10.2	4.8	13.9	23.8
Paine Webber	8.1	11.9	9.3	3.1	25.5	32.2
Shearson	5.8	22.9	17.7	12.1	27.6	27.0
Industry average	2.9%	14.4%	14.4%	7.7%	19.5%	21.5%

*Net income as a percent of total revenues. †Edwards data for the 12 months ended November.
‡Net income divided by average shareholders' equity. *Source: Lipper Analytical Services*

fiscal year ended last February were $36 million on revenues of $504.5 million, compared with $53.7 million on $526 million the previous year.

But there isn't the gloom here that infects most brokerage houses these days. We last visited Edwards nearly four years ago (FORBES, *Sept. 24, 1984*) in a period much like this one, when the individual investor was not answering the telephone. Now as then, Edwards thinks a good part of the problem is shell-shocked brokers who are afraid to make phone calls. "Half of my salesmen have been in the business less than five years and never saw a crash before," he notes.

As we talk, workmen are banging and pounding next door, building a 15-story headquarters addition. Edwards' costs: about $63 a square foot, compared with as much as $300 a square foot in New York. Edwards is convinced he isn't missing much in St. Louis, except maybe the preening and one-upmanship at Harry's, the Wall Street watering hole, that seems to propel a lot of New York firms into the latest financial fads.

"Our offices are profitable with an average broker production of $125,000 to $150,000," he says. "Some of the bigger firms can't break even with average production of over $200,000."

Moreover, by sticking to basic brokerage, Edwards has become a valuable outlet for big mutual fund operators like Fidelity and Putnam. A.G. Edwards, almost by default, has become an important distribution arm for the inventors of the funds. That oftentimes gives Edwards the clout to get product that is tailor-made to its own customers' demands.

Likewise, because of its powerful distribution system, the firm has become a so-called "major bracket" underwriting firm, which means it can frequently wind up with a large portion of some of the best Wall Street deals. "I thought it would take years for us to become a major bracket firm," says Edwards. Edwards' retail network has become increasingly valuable to major underwriters like Morgan Stanley, who themselves have little or no sales force.

Pessimistic? Ben Edwards isn't. Consider these figures: The number of Americans 45 to 65 years old—the prime investing years—will grow by 7 million, to 52.3 million, in the next ten years. Those 65 and over will increase by 4.7 million, to 33.9 million. That will be 86.2 million people representing the bulk of Americans who invest.

"You run a tight ship and wait, and investors will be back," Edwards says calmly. "There's all that money out there that has to be invested." ■

As they said of the Holy Roman Empire, it was neither holy, nor Roman, nor an empire. Will history say the same things about 1992 and the coming of European economic integration?

An impossible dream?

By Susan Lee

NO QUESTION—1992 has inflamed Europe. That's the deadline set by the European Community for its 12 nations to end 1,000 years of economic separatism and meld together into one economic unit. And what a unit! With 323 million consumers, the united states of Europe—as it's being billed—would be the largest internal market in the developed world, some 100 million larger than the United States of America. Indeed, the Euroboast is that 1992 will be the year that the EC bursts on the economic scene as an equal partner with the U.S. and Japan.

Will the united states of Europe really fly, though? Or will it be a rerun of events 30 years ago when the original six EC nations agreed to abolish internal tariffs and quotas? Hopes were high, commitment was strong, and the goal was mostly achieved by 1968. But then ancient nationalisms reasserted themselves, and Europe's progress on economic integration came to a halt.

The resurgence of nationalism was stimulated by a series of setbacks that drove each country to look after its own interests. In the early 1970s, the EC was hammered by economic events: The failure of Bretton Woods created monetary chaos and the energy crisis hit hard at the real economy.

In response, new border taxes were levied, national production or trade quotas were reintroduced, national subsidies increased and nontariff barriers to trade multiplied. These policies not only stopped progress toward more integration, but also erased many gains.

The gains had been impressive: EC growth averaged almost 5% annually between 1961 and 1973, outpacing that of the U.S., and unemployment was, on average, lower than that of the U.S. over the same period. Yet when push came to shove in the currency and oil crises, it was every country for itself and forget about union. It was as if Europe was unable to shake its ancient curse of disunity.

Nonetheless, undaunted by either the magnitude of the task or the forces of history, the European Community's Eurocrats have come up with a scheme to achieve economic integration by 1992. Their vision emerges from some 300 directives contained in a document called "Completing the Internal Market," and referred to as the White Paper. And in corporate headquarters throughout the world, in advertising agencies, in the offices of big moneymovers, everyone is trying to position him- or herself for the great day.

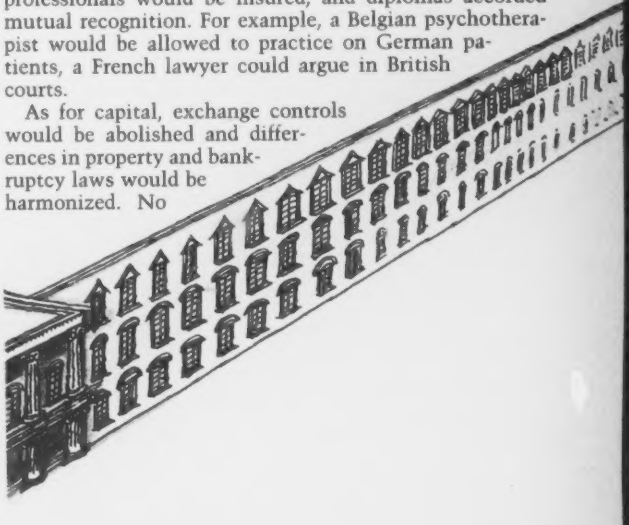
The White Paper aims at promoting the movement of goods and services, labor and capital within the EC. This sets an incredibly complex task: Thousands of laws and regulations governing the production and sale of goods and services and the movement of people and capital must be either abolished or "harmonized" (a favorite Euroword, meaning that when complete agreement among the 12 nations is impossible, approximate agreement is okay).

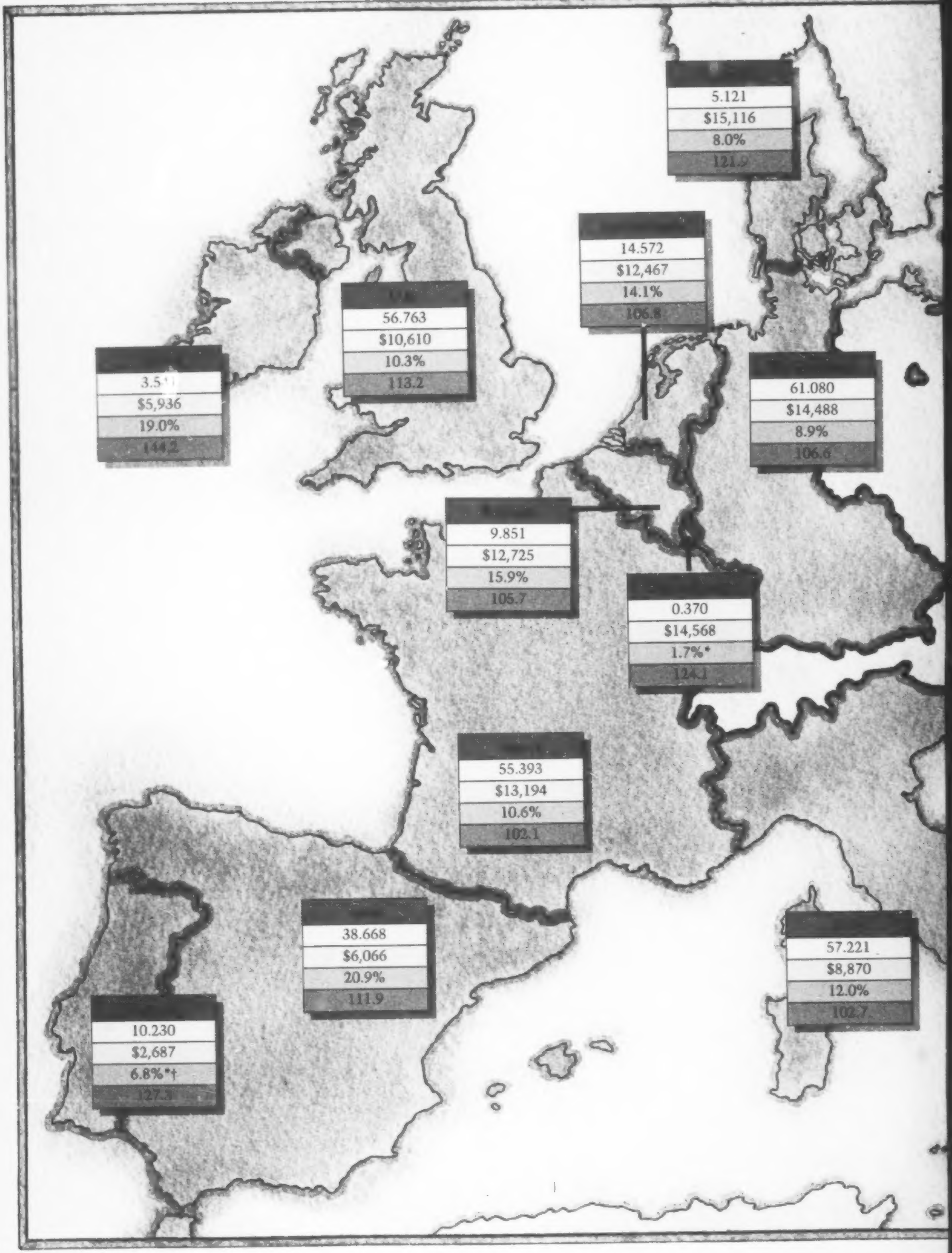
Differences in technical standards and regulations, value-added and excise taxes, will need to be harmonized. Take, for example, a simple farm tractor. There are over 100 separate requirements that must now be met if a tractor is to be sold in the EC—governing everything from the width of its headlights to the length of its mudguards.

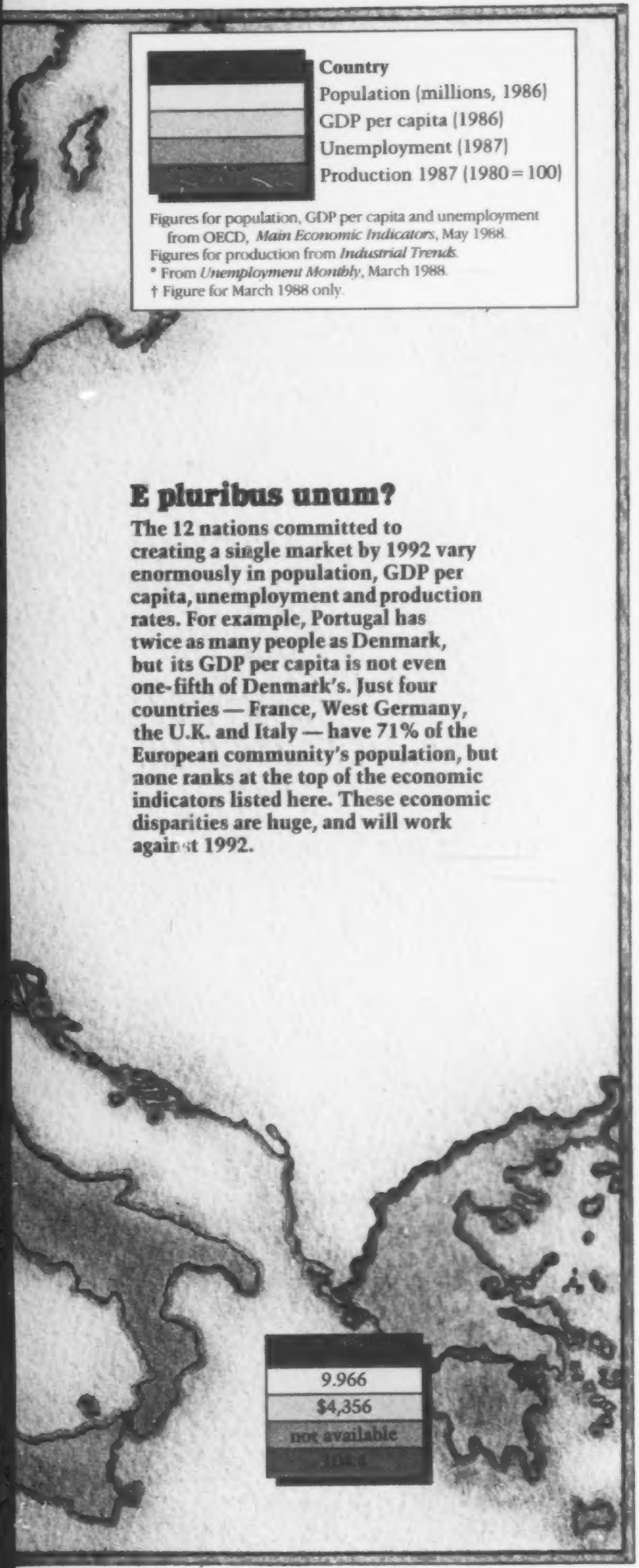
As for the free movement of services, licensing restrictions in banking and insurance would be removed, and competition in air transport would be introduced. In banking, for instance, cross-border solicitation of deposits would be permitted as well as cross-border lending in the bank's own currency.

To promote the movement of labor, residence requirements would be abolished, the right of establishment for professionals would be insured, and diplomas accorded mutual recognition. For example, a Belgian psychotherapist would be allowed to practice on German patients, a French lawyer could argue in British courts.

As for capital, exchange controls would be abolished and differences in property and bankruptcy laws would be harmonized. No




5.121
$15,116
8.0%
121.9
14.572
$12,467
14.1%
106.8
U.K.
56.763
$10,610
10.3%
113.2
3.5
$5,936
19.0%
144.2
61.080
$14,488
8.9%
106.6
9.851
$12,725
15.9%
105.7
0.370
$14,568
1.7%*
124.1
55.393
$13,194
10.6%
102.1
38.668
$6,066
20.9%
111.9
57.221
$8,870
12.0%
102.7
10.230
$2,687
6.8%*†
127.3



Figures for population, GDP per capita and unemployment from OECD, *Main Economic Indicators*, May 1988.
Figures for production from *Industrial Trends*.
* From *Unemployment Monthly*, March 1988.
† Figure for March 1988 only.

E pluribus unum?

The 12 nations committed to creating a single market by 1992 vary enormously in population, GDP per capita, unemployment and production rates. For example, Portugal has twice as many people as Denmark, but its GDP per capita is not even one-fifth of Denmark's. Just four countries — France, West Germany, the U.K. and Italy — have 71% of the European community's population, but none ranks at the top of the economic indicators listed here. These economic disparities are huge, and will work against 1992.

Laszlo Kubinyi

longer, then, would companies be limited in the size of foreign checks they could cash or the amount of foreign currency they could hold.

If all these directives are agreed to, the EC will have created one vast, internal market. But that in itself is a mighty big if.

There are other problems. The integration proposals are based partly on the argument that the huge market will enable the most successful companies to achieve economies of scale. The payoff, according to the Eurocrats, is that EC economic growth would accelerate from its current 2% annual rate to around 5%. Some 2 million jobs would be created, and prices would fall by 6%.

Unfortunately, however, economies of scale may not be as important as the Eurocrats imagine. This will not surprise Americans who have watched with fascination as General Motors, whose economies of scale were legendary, lost the lead in profitability, not only to much smaller Japanese companies but to smaller U.S. companies like Ford and Chrysler as well.

Based on this and other experiences, many observers think that the notion of economies of scale itself is out-of-date. Technological advances, such as computer-aided manufacture, and institutional innovations, such as flexible management systems, make smaller runs not just profitable but necessary to keep up with fast-changing and increasingly specialized markets.

If economies of scale are such a big deal, why hasn't the Soviet Union been able to achieve them with its vast, protected market?

Indeed, many economists argue that the EC's economic problems and slow growth are caused not by inadequate market size but by inadequate access to markets—that is, by inadequate competition. This view argues that the EC should be concentrating on freeing markets from subsidies, quotas and external tariffs so that the economy has the necessary flexibility to adjust to changing conditions. Size per se is no guarantee of such flexibility and may, in fact, hamper it.

And this is where the White Paper really disappoints. It barely mentions dismantling barriers to internal and external competition in large and important chunks of the economy. Nor does it deal with the policies that have created structural rigidities in the labor force, supported inefficient industries and perpetuated bad management.

There is little indication, for instance, that the EC intends to eliminate internal subsidies and quotas in agriculture, steel, fisheries and textiles. As is well known, the EC's agriculture policy has resulted in vast economic waste, with mountains of butter and lakes of wine.

Nor is there much talk of removing barriers to external competition—such as various types of quotas on cars, textiles, footwear and electronics—or of stopping voluntary export restraints for textiles, footwear, cars and steel.

Moreover, the White Paper is mostly silent on introducing competition into an even bigger chunk—15%—of the EC's economy, government procurement. That's the practice of allowing governments to purchase supplies and services for public works from local firms without competitive bidding. Public works include everything from highly technical projects such as defense to the building of public housing. Crucial sectors—energy, transportation, water supply and telecommunications—have been exempted from 1992 tampering.

Nor does the White Paper propose dismantling the industrial policies that have created economic gridlock. Consider:

In many EC nations, labor practices insure high unemployment. In the U.K., unemployment benefits are based mostly on need, not on past earnings. Thus a jobless worker with a big family can earn more by being on the dole than by working. Generous benefits create disincentives to moving to another town to find new work and remove pressure on employed workers to moderate their demands. Further, the social insurance necessary to pay these benefits jacks up employment costs. In Italy, payments hover around 50% of wages. In the U.S., by contrast, these costs have run about 17%.

There are, as well, restrictions on firms that prevent their responding to changing markets. Employers are encumbered by stiff regulations on hiring and firing. Shopping hours in some countries are fixed. In Germany, for example, shopping is limited to 5½ days a week.

And in much of Europe, legal restrictions on wage competition reinforce the power of unions. For instance, in Germany union wages set the industry standard, even for nonunion companies, and some firms labor under work rules that make it impossible to run a second or third shift.

Nationalized industries are a drag on the economy. Yet they, too, are ignored by the White Paper. As Herbert Giersch of the Kiel Institute says: "Look at the railways, at the airlines, at telecommunications. These nationalized industries are very inefficient and very expensive. It's cheaper to phone West Germany from the U.S. than it is to phone the U.S. from West Germany."

If the EC really intends to create an economy to reckon with, says Alan Stockman of the University of Rochester, "There must be a real commitment by the governments to dismantle the restrictions embodied in their industrial policies." That means letting grossly inefficient businesses go out of business and allowing the mildly inefficient businesses to fire workers, redeploy remaining ones and hire new workers without fear that the decision is permanent. It means assuring efficient businesses, and new enterprises, that government will keep its mitts off.

Not likely. The Eurocrats have tackled the easy ones; the hot potatoes remain outside their province.

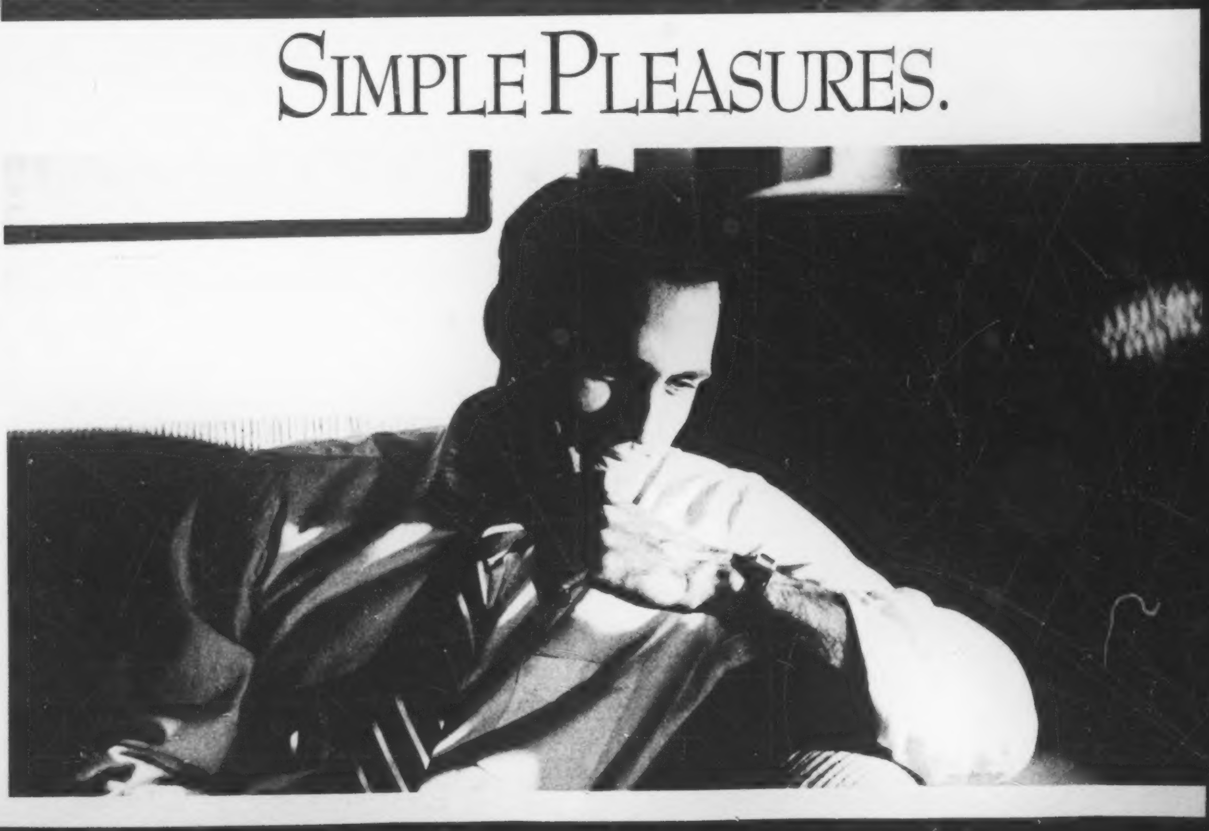
But let's leave aside the White Paper's giant omissions for the moment and assume that its 300 directives become law by 1992. (A long leap of faith: Since the publication of the White Paper, in 1985, only 91 of the least controversial directives have been adopted.) And let's say that it does promote competition, at least within certain sectors in the Community. What is likely to happen?

Cheap labor in Spain and Portugal will bid companies away from expensive labor countries like Germany. Workers in Spain and Portugal will be happy, German workers will be unhappy. Competition in air transport will favor more efficient air carriers like British Air and Lufthansa and will seriously hurt inefficient national airlines like Sabena, Aer Lingus, Iberia and Alitalia. That will please the U.K. and Germany, but Belgium, Ireland, Spain and Italy will be furious.

Will German insurance companies be sanguine when German consumers start buying cheaper life insurance from the Brits? Will the French be cheerful when their high-tech industries relocate to the U.K.? How will Italian banks feel when Italians motor their savings into non-Italian banks?

If these things are allowed to happen, estimates are that as many as one-half of Europe's firms could disappear. Imagine the pain. Imagine the protests. Can anyone conceive of local politicians allowing these collapses and dislocations to happen?

Clearly the winners—many transnational companies, niche manufacturers and low-wage labor areas—will be happy and enthusiastic supporters of the internal market. But what about the losers? Will they be philosophical about it? Says Patrick Minford of the University of Liver-



SIMPLE PLEASURES.

pool: "There will be lots of problems, especially from the labor side of things. Very highly unionized countries, like Germany and the U.K., will object to competing with nonunionized labor."

What happens when the losers, many of whom have already demonstrated their lobbying prowess, start complaining? What if, for example, the governments of the losers respond—as they've done before—by subsidizing the ailing industries? As L. Alan Winters of the University College of North Wales points out, letting nations continue to subsidize when internal barriers have been dismantled would be very, very bad. "Resources would then be free to flow to the subsidized industries," he says. "That would create even more inefficiency."

Will German insurance companies be sanguine when German consumers start buying cheaper life insurance from the British?

Beyond some tut-tutting on preventing new obstacles to an internal market, the White Paper doesn't address these disasters-in-waiting.

On top of this, freer capital mobility will make it difficult for member nations to conduct independent fiscal and monetary policies. Say that France wants to increase revenue by raising taxes on business. It does, only to watch businesses relocate to lower-tax nations and, of course, its tax revenues then fall. There's no question that member nations would have to give up some sovereignty in fiscal and monetary matters and resign themselves to much closer cooperation. But will they? Although the Eurocrats may propose, it is the real world that disposes.

And the real world can be stern in its judgments. The result of the frenzy of regulation and subsidization that occurred in the early 1970s, for example, was a state of Eurosclerosis—the Euroword describing how the lack of flexibility in wages and industrial structure inhibits economic adjustment.

Eurosclerosis is a wicked disease. Between 1973 and 1980, it cut economic growth in half. And after 1980, growth averaged a scant 2%. Unemployment rose steadily after 1973 and very rapidly after 1980. The rate is now around 11%—much higher than unemployment in either the U.S. or Japan since 1981. And industrial production has been below that of the U.S. and Japan for the past six years.

In terms of the standard of living afforded its citizens, the EC ranks seventh behind the U.S., Canada, Scandinavia, Japan, Australia and the OPEC countries. Per capita, the EC spends less on leisure than either the U.S. or Japan and has fewer telephones, televisions and cars than does Canada.

Doubtless, the White Paper's directives are an important step toward revitalizing the EC economy. If nothing else, the idea of an integrated market has lit a flame under many Europeans. Companies have begun to crank 1992 into their corporate strategies: The French are gearing up to sell more autos in Germany, the British are getting set to invest in Greece, Germans are planning factories in Portugal, and Italians are figuring on marketing everywhere.

All to the good, but lest excessive expectations lead to bitter disillusionment, it is well to remember that the White Paper is only a first, rather bitty, step. As the Kiel Institute's Herbert Giersch says: "1992 is not a magic date." This is not to say that Europe isn't making real progress toward economic integration. But to expect too much of 1992 is to doom Europe to a rerun of the 1970s, when the forward trend reversed and it was every man for himself again and the devil take the hindmost. ■

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The World's Billionaires

By Harold Seneker

No question, the billionaires' biographies make fun, sometimes scandalous, reading. But if gossip and titillation were the only results, we'd leave the work to television or to those publications that dote on the rich and celebrated.

There is social and economic virtue in this project. It serves a serious purpose. These are people—sometimes celebrities, sometimes purposefully obscure—who exert a powerful influence on a global economy that is becoming more accessible and intertwined by the day. Most of the 192 billionaire individuals and families we have unearthed created their fortunes in their home countries and are now spreading their wealth into productive investments in far-flung countries. With an electronic blip, a major urban office building changes hands. Another blip, and 5% of a big, publicly traded company is suddenly in foreign hands. These electronic impulses are not created by abstract forces. They come from real people, a number of whom are listed among our billionaires.

Consider Li Ka-shing, thought by many to be Hong Kong's most influential businessman. Through shrewd pyramiding reminiscent of Samuel Insull and other great Wall Street

Illustration by Kimiko Craft

financiers of the 1920s and 1930s, Li controls companies that account for over 15% of the Hong Kong stock exchange's total market value. Now Li is expanding the pyramid to Canada, favored by many Hong Kong Chinese for investment (and as a possible future home). Last year he paid $418 million for control of Canada's Husky Oil Co.; part of the investment was made by Li's Hutchison Whampoa trading company, part by Li's son Victor, now a Canadian citizen.

Husky in hand, Li quickly used it to buy control of Canterra Energy Co., a big natural gas and sulfur producer in western Canada, for C$375 million ($300 million). Beyond Canterra Energy, Li's Husky Oil has offered Texaco a reported $3.7 billion for Texaco Canada, which has 11% of Canada's retail gasoline market. And beyond oil, in April a Li consortium (including fellow Hong Kong billionaire Cheng Yu-tung—see p. 154—and Lee Shau-kee) won the bid to develop Vancouver's Expo site. This is a $1.6 billion megaproject called Pacific Place that will fundamentally alter urban development on North America's West Coast. Meanwhile, Li companies have bought 4.9% of Britain's proud Cable & Wireless, which has brilliant telecommunications prospects throughout Asia.

Is it useful for business people and for investors to know about Li Ka-shing and what he is about? Emphatically, yes.

There is another reason for tracking the world's big fortunes. Amassing great wealth says much about the societies in which the wealth is amassed. As you read through the billionaires' stories, patterns begin to emerge. Notice how many European fortunes—at least 16—have been built since the end of World War II on retailing and other distribution businesses. When Europe entered the war, mass consumer markets had not yet developed there—as they had in the U.S. in the first third of the 20th century when Sears, Woolworth, Merrill and other U.S. merchant princes accumulated vast wealth. Thus the stories of Sweden's Ingvar Kamprad (p. 118), France's Bouriez brothers (p. 114), Germany's Otto Beisheim (p. 104), England's David Sainsbury (p. 103) and other European merchant billionaires are interesting in their own right—and important in demonstrating how far the democratization of consumption has progressed in Europe since it built itself up again out of the ruins of the economic and social order destroyed forever by World War II.

The majority of Japan's billionaires—18, of a total of 34—made their money by buying land when it was affordable, and holding on. This illustrates a central fact about Japan that many foreigners forget: that Japan has about half

How to track a billionaire

This is our second annual listing of the world's billionaires. It's our road map of world wealth. Where is it? How was it made? Who owns it? Have we found every billionaire? Of course not. But this year's survey does include a couple dozen newly uncovered billionaires and looks, where possible, at what they are doing with their money. We now know of at least 192 individuals or families, 125 of them foreign, whose net personal assets are worth over $1 billion. (American billion-dollar-plus wealth, summarized on the facing page, will be reviewed more extensively in the seventh annual Forbes Four Hundred issue in October.)

Our survey includes only private fortunes that have been accumulated through economic endeavor. We deliberately exclude royal families from consideration. Queen Elizabeth, King Fahd and the Sultan of Brunei are no doubt wealthy people. But their wealth derives more from political heritage than from economic effort. Nor, in many cases, are their assets disposable. Could King Fahd sell Saudi Arabia's oilfields? Can Queen Elizabeth sell the crown jewels? One has one's doubts. So we have again excluded royalty.

Likewise with dictators. Dictators often live more lavishly and always wield more power than the wealthiest of business people. Rumania's Marxist dictator Nicolae Ceausescu is now bulldozing huge tracts of once beautiful Bucharest into rubble and razing hundreds of ethnic Hungarian villages in Transylvania in a sick attempt at "modernization." But his power and lavish lifestyle have nothing to do with economic achievement and everything to do with keeping the loyalty of his brutal police force. So we leave dictators Ceausescu, North Korea's Kim Il Sung, Zaire's Mobutu Sese Seko and their ilk from consideration.

Many famous business names are conspicuous by their absence from our pages. This is not because we don't know about Sir Jimmy Goldsmith, say, or Carlo De Benedetti. We looked at them and were not convinced that their private net worth comes to $1 billion or more at current stock and other market values—and at rates of foreign exchange in force as we went to press at the beginning of July. Remember, our estimates are net worth; the world is full of people with billions in assets and equal billions in debts. (For several individual and family fortunes we considered and then dropped, please see "A few who failed to make the cut," on page 162.)

In deciding whether to include a fortune, we count in assets in the names of close relatives and private holding companies. In certain cases we also credit assets held by foreign foundations, where we are satisfied that the foundation serves the individual owners primarily as a tax avoidance device.

Using methods refined by FORBES over years of tracking and measuring wealth creation, our reporters and editors have created a unique and continuing panorama of the great economic drama.

COMING SOON: The Forbes Four Hundred—the 400 richest people in the U.S. Dated Oct. 24, our seventh annual compilation of U.S. wealth will include biographies of the four dozen or so individual Americans who qualify as billionaires.

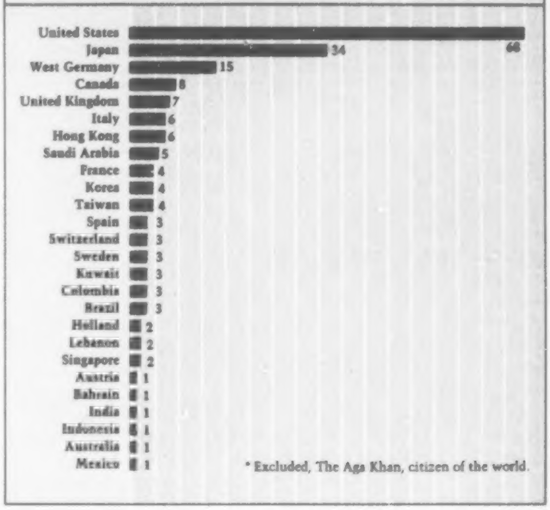
as many people as the U.S., and usable land about the size of New England. The consequent feelings of isolation and hemmed-in-ness are at the root of many of the Japanese economic and political decisions made during much of this century.

Interestingly, four of our Japanese billionaires built their fortunes on retailing. This suggests that the Japanese are beginning to consume imports as well as produce exports. Good news for world trade imbalances. We hazard a guess that we'll see more Japanese retail fortunes in the years ahead.

And the U.S.? Had someone listed the great U.S. fortunes of a century ago, they would have been made mostly by the great industrialists who built the railroads, the steel mills, the coal mines. Later would come the merchant prince fortunes, created by those who could exploit the developing mass markets here.

A surprising percentage of today's American billionaires are media magnates, whose wealth comes from the production and distribution of intangible commodities: information and entertainment. Will this changing pattern repeat in Europe and the Far East? One suspects it already has, preparing the way for the creation of new fortunes and the eclipsing of older ones. ■

Number of billionaires per country*



* Excluded, The Aga Khan, citizen of the world.

Where the most richest are

The U.S. still accounts for more billionaires than any other country—at least 47 American individuals and 20 families are worth over $1 billion, versus 32 individuals and 2 families in second-place Japan and 16 in third-place Germany. All of Europe accounts for 44 billionaire individuals and families. Below is an extensive sampling of the known U.S. billionaires as we go to press.

Sam Walton, Wal-Mart Stores, $6.5 billion
John Kluge, Metromedia, $3 billion
H. Ross Perot, Electronic Data Systems, $3 billion
David Packard, Hewlett-Packard, 2.5 billion
Donald & Samuel Newhouse, publishing, $4.7 billion
Warren Buffett, Berkshire-Hathaway Inc., $2.1 billion
Lester Crown, inheritance, $2.1 billion
Jay & Robert Pritzker, financiers, $3.8 billion
Barbara Cox Anthony & Anne Cox Chambers, Cox Enterprises, $3.6 billion
A. Alfred Taubman, real estate, $1.8 billion
Ted Arison, Carnival Cruise Lines, $1.6 billion
Henry Hillman, industrialist, $1.5 billion
Sumner Redstone, entertainment, $1.5 billion
Samuel LeFrak, real estate, $1.5 billion
Edgar Bronfman, Seagram Co., $1.5 billion
Marvin Davis, oil & investments, $1.45 billion
Harry Helmsley, real estate, $1.4 billion
Philip Anschutz, oil & investments, $1.4 billion
William Gates, Microsoft, $1.4 billion
Leonard Stern, pet supplies & real estate, $1.4 billion
Ray Hunt, oil & investments, $1.3 billion
Donald Bren, real estate, $1.3 billion
Charles Sammons, cable & insurance, $1.3 billion
Edward DeBartolo, shopping centers, $1.25 billion
William Hewlett, Hewlett-Packard, $1.2 billion
Rupert Murdoch, News Corp., $1.2 billion
Robert Bass, oil & investments, $1.2 billion
Edward Gaylord, broadcasting, $1.2 billion
Leslie Wexner, The Limited, $1.2 billion
Forrest Mars Sr., candy, $1.15 billion
Forrest Mars Jr., candy, $1.15 billion
John Mars, candy, $1.15 billion
Jacqueline Mars Vogel, candy, $1.15 billion
Margaret Hunt Hill, oil & investments, $1.1 billion
August Busch Jr., Anheuser-Busch, $1.1 billion
John Dorrance, Campbell Soup, $1 billion
David Rockefeller, inheritance, $1 billion
Sid & Lee Bass, oil & investments, $2 billion
Carl Lindner, insurance & banking, $1 billion
Charles & David Koch, oil, $2 billion
William Ziff, publishing, $1 billion
Donald Reynolds, publishing & cable TV, $1 billion

Other U.S. families with fortunes estimated at $1 billion or more:
Du Pont family, chemicals, $10 billion
Rockefeller family (incl. David), oil, $5 billion
Getty family, oil, $3.4 billion
Hearst family, publishing, $3.4 billion
Upjohn family, pharmaceuticals, $2.3 billion
Cargill/MacMillan family, commodities, $2 billion
Annenberg family, publishing, $2 billion
Phipps family, steel, $1.9 billion
Lilly family, pharmaceuticals, $1.5 billion
Chandler family, publishing, $1.3 billion
McCaw family, communications, $1.3 billion
Haas family, Levi Strauss & Co., $1.2 billion
Wattis family, construction, $1.2 billion
Scripps (E.W.) family, publishing, $1.2 billion
Weyerhaeuser family, paper products, $1.1 billion
Bacardi family, liquor, $1.1 billion
Donnelley family, printing, $1.1 billion
Cullen family, oil, $1.1 billion
Kleberg family, oil, $1 billion
Lykes family, shipping, $1 billion

Europe

Will business succeed where armies failed?

Europe's capitalists are aquiver. In theory, come 1992 any business or product legal in any Common Market country will become legal in all. Dutch banks can expand into Spain, French hypermarket chains into Belgium, as freely as a New York company can expand into Connecticut.

The opportunities for wealth creation will be immense—but the change will be wrenching. In Spanish banks, for example, operating costs average 2.8% of assets, compared with 1.75% in Germany, 1.9% in France. Some 40 foreign banks that are now in Spain will be able to underprice the Spaniards. Painful rationalization is inevitable. Indeed, the Bank of Spain has suggested that by 1992 the old oligopoly of 6 banks controlling 80% of Spain's commercial bank deposits could shrink to 3 larger, Euroscale banks. Publishers, by contrast, will enjoy a windfall. Notes Rosemary Sagar, an analyst with Baring Securities: "All of those textbooks on corporate law, accounting and taxation will have to be completely rewritten."

Of course, the changes may be so painful as to be politically unacceptable *(see story, p. 78)*, in which case Europe will continue to suffer the penalties of economic fragmentation and sovereignty will have triumphed once more over efficiency. That would be a shame. Military and political leaders have wasted lakes of blood in their vainglorious attempts to unify Europe. Wouldn't it be a triumph if businessmen succeeded where kings and marshals failed?

Spain

BOTIN FAMILY

Beyond The Iberian Peninsula

Spain's heavy power brokers under General Franco were the Church and the military, the syndicalist labor movement and the banks. Among the latter, none was more powerful than Banco Santander, controlled and operated behind the scenes by the Botín family, several of whom were married to El Caudillo's ministers.

Actualidad Economica

Emilio Botín Jr. and Sr.

The Franco regime is a dimming memory, but the Botín wealth is as robust—and as publicity-shunning—as ever. "Quite frankly," one member of Spain's relatively narrow banking circle cautioned us when we made inquiries about the Botíns, "I think you're touching fire."

Fire or no, this is clearly a powerful family. Banco Santander was set up in 1857 in the Atlantic commercial port city of Santander to finance trade between Spain and Latin America. Today it is the only major Spanish bank still controlled by a single family. The Botíns' visible stake is only some 5%. But knowledgeable sources say affiliated Botín entities bring the total to 25%, worth around $1.5 billion at current market price.

For more than 30 years, Don Emilio Botín has been the bank's helmsman. Now 85, this shy elegant man built Banco Santander through acquisitions within Spain. In the early 1950s he was the first to cultivate Spain's emigrant community in Latin America, flying off to Argentina and Panama to snap up banks. In 1965 he set up industrial lender Banco Intercontinental Español (Bankinter) with Bank of America, and put his son Jaime Botín in charge. The Botín stake in Bankinter is put at around 10%, worth $140 million.

Officially, Don Emilio Botín retired two years ago. His successor is his 53-year-old son, also named Emilio. The younger Emilio joined the bank more than 30 years ago. But until his father retired, he was reportedly never allowed to answer a single question during the annual spring rite when the Botíns invite the Spanish press to their mansion in Santander and announce the bank's annual results.

Now that his father is slipping quietly into the background, the younger Emilio, and several other family members on the board, will address the bank's toughest challenge: Europe in 1992. As Banco Santander's recent bid for Italy's Istituto Bancario Italiano suggests, the Botíns will use high-priced Santander stock to seek more acquisitions outside Spain. If they succeed, the Botín family members and their bank will be a force to be reckoned with far beyond the Iberian peninsula.—**Lisa Scheer**

MARCH FAMILY

Into The Light

The chance to profit from Europe's crumbling borders is apparently forcing even Spain's secretive March family into the open. Their March Group was founded on the Mediterranean smuggling profits of dynast Juan March—convicted of fraud in the Spanish Republic of the 1930s, grown rich under the patronage of Generalí-

Joaquin Tejada/Actualidad Economica

Carlos March

simo Franco and killed in a car crash in 1962. Today the founder's grandsons, brothers Carlos and Juan March, both in their early 40s, control a family fortune worth over $1.2 billion.

What are the grandkids into? Real estate. Through $680 million (market capitalization) Corporación Financiera Alba, half owned by the Marches, half by public investors, they are buying up and renting warehouses, industrial buildings and residences. They are throwing up office buildings in Madrid and Barcelona, and developing apartments and commercial buildings on their grandfather's former private estate in Majorca. The March Group also recently bought around 5% of newly formed Advent. Its aim: to grab control of sick Spanish companies, restructure them and then relaunch them on the bubbling Madrid Bolsa. Grandpa would be proud.—**Lisa Scheer**

RAMON ARECES

Spain's Merchant King

Probably worth some $5 billion, Ramón Areces is by far the richest man in Spain. In 1920, age 15, Areces emigrated from his poor Asturian village to Cuba. There he learned merchandising in his uncle's Havana department store. Back in Spain in 1934, Areces bought a small Madrid tailor shop that custom-made expensive clothes from imported fabric for the Spanish bourgeoisie. Six years later Areces opened his first department store and called it El Corte Inglés (the English Court), named after his original tailor shop.

In the depression that followed the Spanish Civil War, Areces expanded the store slowly. But by the late 1950s, Franco felt compelled to boost living standards. He relaxed, somewhat, his strict autarkic rules and allowed merchants like Areces to import more foreign goods. A cosmopolitan middle class took root and began to consume El Corte Inglés' wares. In 1962 Areces opened a second store. Today there are 19 stores plus 5 Hipercor hypermarkets. Expansion is almost exclusively self-financed: Long-term debt is zero and annual cash flow is almost $200 million.

Ramón Areces

Last year El Corte Inglés announced profits of $83.5 million on sales of $2.8 billion. But private companies in Spain routinely submit an understated financial statement to the Ministry of Finance. Besides the cash earnings, there is El Corte Inglés' extremely valuable real estate. Spanish analysts believe the company may actually be worth $5 billion. Sources say the Areces family owns 96.8% of El Corte Inglés.

Control of the El Corte Inglés fortune may soon change hands. Now 82 and a recluse, Areces is said to be seriously ill. At a recent Banco Central shareholder meeting, President Alfonso Escamez publicly summoned the Lord's help to keep his friend Ramón Areces alive. Rumor has it that Areces suffered a stroke. A company spokesman will say only that Areces "has a cold."

Who stands to inherit El Corte Inglés? One source says Areces has seven sons and "about" four daughters. Another insider says that Areces has children, but that they're all illegitimate. Says the company spokesman, perhaps wishfully: "Ramón Areces is a widower with no children. He is leaving the company to the employees."—**Lisa Scheer**

Italy

FERRUZZI FAMILY

He Should Have Called Milken

Movie-star-handsome Raul Gardini has put in motion forces that are still roiling Italy's business elite. Gardini, married to one of Serafino Ferruzzi's three daughters, had built Ravenna-based Ferruzzi Finanziaria into a powerful agricultural, chemical, financial services and pharmaceutical firm. Gardini, the family leader since his father-in-law died in 1979, has diversified aggressively. Ferruzzi is now a $4.3 billion (sales) conglomerate with over 50 companies.

F. Scianna/Magnum

Raul Gardini

Gardini's biggest gamble is his attempt to take over Montedison (Forbes, *May 2*). Starting in 1985, he acquired 42% control of Montedison, one of Italy's largest industrial holding companies. To finance the takeover, Gardini hatched a complex scheme combining asset-stripping and raising new money by selling shares in Ferruzzi Agricola. But then came Gardini's unusual proposal, a series of complex share swaps that would give investors a stake in Ferruzzi holding companies in exchange for their stock in lucrative partly-owned Ferruzzi subsidiaries. Spooked, investors began taking a closer look at Gardini's complicated proposal, and didn't like what they saw. In February the Italian stock market dumped Montedison, Ferruzzi Agricola and related shares. Gardini's leveraged holding was in trouble.

With the market stabilized now, it looks as if Gardini may gain control over most of Montedison after all—but at a steep price. He will most likely have to sell a chunk of Ferruzzi through Mediobanca, which will dilute Ferruzzi-Gardini families' control over old Serafino Ferruzzi's legacy. Even in Italy, there are rules for Michael Milkens. The Ferruzzi family's holdings are worth an estimated $2.8 billion.—**Tatiana Pouschine**

SILVIO BERLUSCONI

Silvio ♥ Perestroika

Another new European name on the list, Berlusconi, 52, was the son of a Milanese banker, but entrepreneur-

Silvio Berlusconi Giovelli/Olympia

ial talent showed early. As a teenager Berlusconi earned pocket money doing homework for his fellow students, and went on to finance law school by singing French songs in clubs. In 1963 Berlusconi started a construction firm, Edilnord, convincing stodgy Italian bankers to lend today's equivalent of $5 million to an inexperienced young man (FORBES, *Jan. 25*).

In 1978 Berlusconi diversified into television with Telemilano, a tiny Milan TV station. He quickly grasped that the really big money was in broadcasting to the masses nationwide—and playing on close personal ties to Italy's Socialist prime minister, Bettino Craxi. The latter was especially important as Berlusconi energetically circumvented Italian laws prohibiting competition against the three government-owned national broadcasters. For television programming, Berlusconi brought in bulk soap operas, football games and other American shows and created a bonanza: Berlusconi now has some 60% of the total Italian television advertising market. Latest reported earnings exceed $100 million a year, and Berlusconi owns it all.

Having paid down once-substantial debt, Berlusconi, a major player in breaking down economic barriers between Western European countries, is now putting the cash flow to work in TV stations in such countries as France and Germany and buying up Italian movie theaters. (His reported goal is equity in 200 movie houses in the next few years: Berlusconi's firm has produced or invested in 70 Italian feature films in the last two years.) With perestroika freshening the air, Berlusconi recently persuaded the Soviets that advertising is an idea whose time has come, and has won exclusive right to represent any Western company advertising on Soviet television. Berlusconi's estimated net worth: roughly $1 billion in lire, and who knows how many rubles are in the offing.—**Tatiana Pouschine**

GIOVANNI AGNELLI AND FAMILY

Fiat Money

Demonstrating that no good industrial turnaround shall go unpunished, some of Italy's politicians are fussing over the Agnelli family's $3.8 billion fortune, Italy's largest. Only ten years ago Fiat, chaired by Giovanni (Gianni) Agnelli, was in crisis. Agnelli brought in top-notch management, including the tough Cesare Romiti, who invested heavily and stunned Italy by taking on the Communist-dominated unions and laying off 23,000 workers. Toughness worked. Last year Fiat, founded by Agnelli's grandfather and still 40% owned by the family, had operating income of $2.6 billion on revenues of $30 billion.

Paolo Siccardi/Contrasto/Picture Group

Giovanni Agnelli

Mostly through Fiat, the Agnellis control companies that make up a quarter of the market capitalization of the Milan stock exchange. It is this concentrated wealth that has the pols fussing. In January the Socialist party raised questions about the Agnellis' control of over 20% of Italy's newspaper sales. The Agnellis will, for now, get to keep their two huge and influential Italian newspapers, *Corriere della Sera* and *La Stampa*, but notice has been served.

Agnelli has been growing more interested in the U.S. Here he invests through 12%-owned, $1-billion-plus (estimated revenues) Ifint, which trades on the Luxembourg stock exchange, and does deals with people like William Simon. Gianni Agnelli, whose personal worth is estimated to be at least $1.5 billion, is treading more softly.—**Tatiana Pouschine**

BENETTON FAMILY

Easy Come, Easy Go?

The Benettons

Shy and soft-spoken Luciano Benetton wears blue jeans even when appearing before a formal audience and keeps his gray hair shoulder length. But there is nothing slovenly about Benetton Group, the $1 billion (sales) clothing company that he, his designer sister and his two younger brothers started 25 years ago in Treviso, north of Venice. In 1987 Benetton Group earned an impressive 10% return on sales. At recent stock market prices, the Benetton clan is worth upwards of $1.3 billion.

The Benettons are determined to continue growing rapidly. But can they? They say they'll have 900 franchised U.S. stores by 1990 (up from 760 today), and hundreds more outlets all over Asia, South America and even Eastern bloc countries. Yet even now the U.S. market seems saturated. Customers are complaining that the Benettons' once inexpensive clothing isn't anymore.

The Benettons currently are pushing into risky new areas: mail order, and introducing underwear, shoes and cosmetics. Last year the family even entered the competitive Italian financial services market, where much money is easily lost. Whether the Benettons will prove to be as good at holding on to their money as they were at making it remains to be seen.—**Tatiana Pouschine**

SALVATORE LIGRESTI

Bread And Wine And Baloney

Who is Salvatore Ligresti and how does he get away with so much? This mystery financier from Sicily accumulated what looks like a $1 billion fortune, mostly within a decade. But in 1987 magistrates seized 15 Ligresti office buildings on the outskirts of Milan. They said that Ligresti failed to procure the necessary building permits.

Then there is Ligresti's roughly 40% stake in SAI, one of Italy's largest insurance companies; this holding alone is worth almost $700 million. But in November Enrico Pianta, SAI's well-respected managing director, suddenly resigned. Soon afterward,

Olympia

Salvatore Ligresti

Raffaele Ursini, who had been arrested in 1978 for misuse of public funds, reportedly claimed that he never sold his 492,000 shares of SAI to Ligresti but only gave them as collateral for a loan. Now Ursini wants his SAI shares back.

Then, in December, Ligresti was sentenced to 22 months in prison on the building violation charges. Ligresti is appealing.

But this is Italy. In the midst of the uproar, Ligresti was appointed to the board of that very special, powerful and exclusive bastion of the Italian financial establishment, Mediobanca, the investment bank. According to the business magazine *Il Mondo,* Mediobanca may help Ligresti take public real estate holdings with a net worth estimated at more than $300 million.—**Tatiana Pouschine**

MICHELE FERRERO

Sticking To Sweets

Unlike Italy's other billionaires, Michele Ferrero has remained in only one business—candy—since taking over the family company in 1957. His Ferrero SpA, based in Pino Torinese, outside Turin, specializes in chocolates but has added other sweets to its line.

Ferrero's products, including Nutella, Mon Cheri chocolates and Tic Tacs, sell well in all major markets, including the U.S., Germany and the U.K. Over half of the company's $1.8 billion in annual sales are generated outside Italy. Ferrero's test market is Luxembourg, where new candy might be tested for as long as ten years and even then may still never be launched internationally.

Olympia

Michele Ferrero

Michele Ferrero did make one attempt to branch out—and it turned out to be a disappointment. In 1985 he joined pasta magnate Pietro Barilla and media billionaire Silvio Berlusconi in a nasty public bidding war against Carlo de Benedetti for the government-owned food conglomerate SME. Apparently unable to decide between such politically powerful rivals, the Italian government reacted sensibly. It canceled the proposed sale.—**Tatiana Pouschine**

Switzerland

STEPHAN SCHMIDHEINY

How To Keep A Family Business Healthy

RD2/Photo Reporters

Stephan Schmidheiny

D. Boschung

Thomas Schmidheiny

Heir to four generations of a privately held family industrial empire, Stephan Schmidheiny recently spoke to the Swiss-American Chamber of Commerce in Zurich about the traps family companies often fall into. Rule number one: Stay private, no matter how good that free capital looks. "The family-owned enterprise," said Schmidheiny, "is not subject to a kind of plebiscite, a factor which all too often—in the U.S., for example—pushes big public companies into decisions motivated by short-term interests."

Rule two: Keep profits working inside the company. Schmidheiny: "One prerequisite for the long-term success of a family business is that profits are not usually paid out in the form of dividends, but reinvested in the company."

Rule three: Keep debt to a minimum. Stephan Schmidheiny's holding company, Hurden-based Anova, won't even issue bonds. If a family can't—or won't—subordinate short-term interests of current stockholders to distant future interests, then the family will one day be out of the business. It is as simple as that.

Rule four: Tightly link ownership and responsibility. Speaking of his own family's business, which started with a small brick factory in the 19th century, Schmidheiny said: "Family interests have been reallocated with each successive generation, to give one individual control of an independent part. . . . A family superholding has been consciously rejected in favor of the advantages inherent in smaller units where ownership and responsibility are in only one pair of hands."

All this has worked for the Schmidheinys. Stephan Schmidheiny's portion, based on construction and diversified into banks, real estate and retailing, is worth some $2 billion. His older brother Thomas runs Holderbank, the largest cement company in the world, and has interests in real estate and a technology manufacturer. Estimated worth, some $850 million. A third brother, Alexander, has little to do with the business. A cousin runs a smaller but still sizable piece split off in an earlier generation.

In his talk, Schmidheiny avoided the family business' worst enemy: incompetent heirs. Stephan Schmidheiny recently bought control of Landis & Gyr A.G., a Zug-based maker of electromechanical and electronics equipment. There are no suitable successors in Landis & Gyr's third-generation founding family, so the board approached him to take over. For their part, the Schmidheinys have, for four generations now, found new family members to take the assets to new heights. And they needn't address the question for quite a while. Stephan is only 41; his brother Thomas, only 43.—**Richard C. Morais**

HANS HEINRICH THYSSEN-BORNEMISZA

Problems Of The Rich And Famous

Baron Heinrich Thyssen-Bornemisza, 67, has a problem: what to do with his enormous private art collection, generally considered second in size only to the Queen of England's. In April the baron agreed with the government of Spain to house 600 to 700 important paintings (he has 1,400) opposite Madrid's Prado. But this is a ten-year loan, not a permanent home. And there is the Villa Favorita, on the shores of Lake Lugano, where the baron lives with his fifth wife, 47-year old Carmen (Tita) Cervera, Miss Spain of 1961. But he would need a big building, and that would require reinforcing the property against the lake. "Otherwise the whole thing would fall in," explained a London spokeswoman.

RDZ/Photo Reporters

Baron Thyssen-Bornemisza

One problem the baron doesn't have is keeping Thyssen-Bornemisza Group in the family. The baron's grandfather, August Thyssen, built Germany's Thyssen steel. Now the current baron's eldest son, Georg-Heinrich, 38, is taking over.

The young man starts from an elevated base. In 1987 sales of Monaco-based Thyssen-Bornemisza Group were $2.8 billion; net income (no doubt understated for tax purposes) was $34 million. An international conglomerate with interests in glass containers, farm and poultry equipment, information systems and more, the group now books 40% of its sales in the U.S. With his son running things, the baron can devote more time to dealing with his art problems.—**Lisa Scheer**

RDZ

Maja Sacher-Stehlin

RDZ/Photo Reporters

Paul Sacher

PAUL SACHER AND MAJA SACHER-STEHLIN

Mystery Buyers

Who bought the $200 million block of shares in Swiss pharmaceutical giant F. Hoffmann-La Roche when the block came up for sale this spring? The stock was in the form of bearer shares, with no names given. But Maja Sacher-Stehlin and her family are the obvious suspects.

Maja, 92, is the widow of Emanuel Hoffmann-La Roche, who in turn was the son and primary heir of the drug company's 19th-century founder. Maja and Emanuel had two sons and a daughter before Emanuel died in a car crash in 1932. Two years later, Maja married Paul Sacher, a conductor and patron of the musical arts; he is now 82. The family's principal visible sign of wealth is the Paul Sacher Foundation in Basel, which collects Stravinsky memorabilia and last year bought the archives of American composer Elliott C. Carter.

The Sachers and some other Hoffmann-La Roche descendants own some two-thirds of the scarce voting shares (16,000 exist), worth around $1.3 billion. A company spokesman denies that "the family" bought more bearer shares last spring—but he agrees that "friendly Swiss institutions" might have bought. It's still possible, however, the founder's descendants, acting through friendly Swiss family trusts, increased their holding in this profitable company last spring.—**Richard C. Morais**

United Kingdom

ROBERT MAXWELL

Tomorrow The World?

Born Jan Ludwig Hoch in Czechoslovakia in 1923, Robert Maxwell has turned a stake in a war buddy's tiny science and technical publishing company into Maxwell Communications Corp., a $1.5 billion (sales) media empire, including British Printing & Communications Corp., Europe's largest printer, and the Mirror Group Newspapers, as well as Pergamon Press, the company that started it all. Through Liechtenstein-based Pergamon Holdings, Maxwell, a self-proclaimed socialist, holds 51% of Maxwell Communications, worth $1.2 billion. Expect more of Maxwell in the U.S., as the media baron makes clear in an interview with FORBES in this issue.—**Claire Poole**

Clive Arrowsmith

Robert Maxwell

GERALD CAVENDISH GROSVENOR

Legal Theft

For Grosvenor, sixth Duke of Westminster, the Leasehold Reform Act is legal theft. Passed by a Labor government in 1967, the act gave tenants the right to purchase the land underlying their residences, usually at a discount to market. By 1990 about a third of the young (36) duke's 100 acres in Mayfair—"a place of vice and impurities" when the family acquired it in 1677—should convert back to residential use from the temporary office designation the property received after World War II. More leaseholders will invoke their Leasehold Act rights.

But there are other opportunities. Grosvenor International Holdings, a $1.6 billion (assets) property investment group, has interests in Canada,

Homer Sykes/Camera Press

Gerald Cavendish Grosvenor

Australia and the U.S. In California GIH has a 220-acre business park in Fairfield, 615,000 square feet of high-tech and R&D space in Silicon Valley and an office building in Santa Monica. In Mesquite, Tex.; Eugene, Ore.; and Northbrook, Ill. The company owns large regional shopping centers, and it has a 620,000-square-foot commercial building in Honolulu.

Through Atlantic Freeholds, a partnership between Grosvenor and two U.K. pension funds, the duke bought the Olmsted Building in Washington, D.C. last year, and has a Washington office to look for more East Coast properties. Altogether, Westminster's net holdings total nearly $3 billion—the British bit bulking less all the time.—**Claire Poole**

DAVID SAINSBURY

Olde Englande, New England

Quietly and cautiously, Britain's $7 billion (sales) J. Sainsbury Plc. builds its New England foothold. In 1983 the very profitable supermarket chain began buying into Shaw's Supermarkets Inc., a $1.2 billion (sales), 50-store chain in New England. Last July it bought the rest and made Shaw's a subsidiary. Through Shaw's, it recently added Iandoli, a Worcester, Mass. chain of 10 supermarkets. At home, meanwhile, Sainsbury's has 279 stores and opens 18 to 20 new ones a year, generally outside the heavily saturated, high-priced London market.

Topham/The Image Works

David Sainsbury

Whether Sainsbury's U.S. expansion will accelerate will be up to David Sainsbury, who holds 25% of the stock. In November his cousin, Chairman and Chief Executive Sir John Sainsbury, 60, stepped aside while David, 47, advanced from finance director to deputy chairman. Betting is he will go on to chairman, making him the sixth Sainsbury to head the company. Together, the family owns over 50% of the company; their block of holdings was recently worth around $3 billion.—**Claire Poole**

SIR JOHN MOORES

He Can't Run It From The Grave

Sir John Moores

London analysts are buzzing that Liverpool's Littlewoods may finally go public. The rumors make sense. John Moores, now Sir John, founded the company in 1923 as a betting shop for soccer games and built it into a low-priced dry goods retail chain and mail-order house. Moores (plus a few relations) still owns virtually all the company, conservatively worth $1.6 billion.

But Moores is now 92. While none of his family has proved willing or able to run the company, two outsiders have been doing beautifully. In 1982 Littlewoods was going downhill fast. Moores brought in John Clement, also chairman of Unigate, and Desmond Pitcher, previously managing director of Plessey Telecommunications. They spruced up and expanded the stores, computerized the catalog business and added catalog shops. They have also followed Sears' and J.C. Penney's lead and ventured, cautiously, into more upmarket specialty areas like interior design centers.

All this helped Littlewoods' profits rebound smartly, to $136 million (pretax) last year, on revenues of $2.6 billion. How better for Sir John to reward Clement and Pitcher and keep them at the helm than by giving them a significant stake in a publicly traded company?—**Claire Poole**

SAMUEL, LORD VESTEY AND EDMUND VESTEY

Slaughtering Margins

As aggressive British grocers like the Sainsburys prosper, the Vestey brothers are getting squeezed. The Vesteys own a vertically integrated meat empire that was started by their grandfather in the last century. Today the empire stretches from vast cattle operations in Argentina to the 1,400-outlet J.H. Dewhurst Ltd., Britain's largest chain of retail butchers. In between are cold storage warehouses, shipping assets, insurance subsidiaries and a whole lot more. There are some 200 private companies under Union International Plc., which in turn is held by Western United Investment, the Vesteys' $2 billion (estimated assets) holding company controlled by the brothers through joint ownership of two £1 "management shares" each.

But Sainsbury's and other supermarkets' meat departments in the U.K. are beginning to steal customers from the somewhat higher-priced butcher shops like Dewhurst. The Vesteys could, of course, begin supplying the supermarkets on a greater scale. But that would slaughter their downstream margins.

Still, don't cry for the Vesteys. If all else fails (which it won't), they have a great deal of valuable London real estate to manage.—**Claire Poole**

Topham/The Image Works Times Newspapers Ltd

Samuel, Lord Vestey and Edmund Vestey

SWIRE BROTHERS
Comrade Partner

The Swires, China hands for five generations, do not fear Beijing's Communists. Swire Pacific was founded by their ancestor early in the 19th century. Today the group is a property, shipping, airlines (54% of Cathay Pacific), Coca-Cola bottling and trade combine that is still 28% owned by Sir Adrian, 61, and brother John, 56. Their holding is currently worth $1.25 billion.

Hong Kong will come under Beijing's administration in 1997, and many capitalists are selling out. The Swires are buying. Swire is building—and will own—a two-phase real estate project called Pacific Place. Phase I, totaling almost 1.5 million square feet of office and hotel space and 300,000 square feet of shopping space, will be completed late this year, but 90% of its office space was already let by last May. Jardine Fleming Securities estimates Swire's rental income will hit $1 billion in 1989. Phase II will be completed by 1991.

The group will also bid, with Browning-Ferris, on waste disposal contracts, and has joined a Hong Kong cable TV consortium. The most interesting venture of all, however, is Swire's bid to buy property in Shanghai. The bid clearly signals the brothers' belief that Beijing's Communists will allow private ownership and enterprise to thrive.—**Claire Poole**

South China Morning Post

John Swire

Topham/The Image Works

Sir Adrian Swire

West Germany

OTTO BEISHEIM
Germany Needs More Like Him

Otto Beisheim was an assistant manager in a wholesale electric firm when he visited the U.S. in the early 1960s. Here he admired the inexpensive distribution system of wholesale supermarkets—no-frills cash-and-carry businesses that sell consumer goods in bulk to retailers.

Beisheim was excited. In 1964, age 40, he quit his job and opened Metro-Markt. Two powerful German industrial families and Holland's Fentener van Vlissingens *(which see)* invested in Metro in 1967 and 1968. Their capital and Beisheim's entrepreneurial genius has turned Metro International A.G., based in Zug, Switzerland, into an $11 billion (estimated sales) empire, with over 103 outlets in 13 countries (at least 40 in West Germany). Its warehouse-style stores stock a limited—but very modestly priced—line of food and household items.

For a while, Beisheim was able to get around West Germany's silly *Ladenschlussgesetz* law, which requires retailers to close at 6:30 p.m. on weekdays. As a wholesaler, Beisheim kept Metro open at least until 9 p.m. and sold to anyone carrying a special Metro card. The card, however, was readily available to German consumers—until 1985, when an irate West German Retail Trade Association sued Metro for "illegal and unfair" business practices.

Beisheim is new on our list. His estimated 23% holding in Metro is worth $688 million. But he has other holdings. These include office machine and typewriter manufacturer Pelikan A.G., which Beisheim took over in 1983 and floated in Switzerland in 1986; his 60% is worth $53 million. He also owns 33.3% of Kaufhof A.G., a large West German department store group; this stake is worth $266 million.

Now 64, Beisheim is a recluse. He is said to communicate with his senior executives by facsimile machine. Married but childless, he reportedly shuttles between residences in Lugano, Switzerland, Rottach-Egern, West Germany and Bal Harbor, Fla. It is unclear what will happen to Metro after Beisheim.—**Lisa Scheer**

ALBRECHT FAMILY
Very Quiet Money

A couple more newly uncovered billionaires, brothers Karl and Theo Albrecht, have operated for a long time on a principle of Karl's: "Poor people have to buy cheaply, rich people like to." They began applying this after World War II, from their mother's grocery in Schonebeck, a mining suburb of Essen. Today Karl, 67, and Theo, 65, own Aldi's (for Albrecht Discount), West Germany's largest food chain. The $10.8 billion (1987 sales) discount empire runs some 2,000 supermarkets and employs more than 20,000. The family net worth, including outside interests, is estimated at over $1.2 billion.

The brothers found their present concept in the early 1950s, when they stripped their stores of decoration, advertising and expensive equipment, limited the stock to about 300 quick-selling items, and sold at prices as much as 20% below the competition. To cut costs to—and into—the bone, the Albrechts do obvious things like eliminating fresh foods, an expensive line—and less obvious things, like eliminating branch managers' telephones and telling the managers to use the closest pay phone.

DPA

Theo Albrecht

In 1971 kidnappers grabbed Theo Albrecht and received DM7 million ransom. He was released 17 days later. Since then the brothers have, understandably, kept very much to themselves. They have also subdivided the business into 32 legally independent regional companies, each of which is too small to be required to disclose financial statements.

Like other German billionaires, the brothers have expanded outside the confining economy of Germany, but less aggressively than some. They own the $100 million (estimated sales) Benner Tea Co. of Iowa (now known as Aldi-Benner) and 10.92% of $2.2 billion (market capitalization) Albertson's Inc., a U.S. supermarket chain based in Boise, Idaho. On his own, Karl Albrecht owns DM1 billion (sales) Hofer Markets in Austria; Theo owns the Lansa stores in Belgium and the Combi chain in the Netherlands. The Albrechts' success, in short, is as impressive as it is quiet.—**Lisa Scheer**

QUANDT FAMILY

The Yakuza Factor

Herbert Quandt (who died in 1982) probably paid under $1 million for 26% of BMW in 1959. Today the Quandts, led by Herbert's widow, Johanna Quandt, 63, own a 66% (currently worth $2.9 billion) block of the company.

Future appreciation, however, will be harder to come by. Between the aggressive Japanese carmakers and the weak dollar, BMW's U.S. market is under pressure. Lately BMW has been going where the new money is: Japan, where it has had considerable success despite tariffs and sundry nontariff barriers. Among the latter is the fact that BMW's high-priced cars are so identified with Japan's *yakuza,* or gangsters, that some restaurants refuse to let BMWs park out front.

Wolf P. Prange

Herbert Quandt

Taking some of their eggs out of the luxury car market basket, Mrs. Quandt and her family are looking into things like genetic engineering and homeopathic medicines. Last July they visited Minneapolis, home of DataCard Corp., for which they paid $174 million cash in August. DataCard is the world's largest maker of plastic credit and bank cards, which the Quandts plan to sell to Europeans, who still lag Americans in using plastic money. Apparently the Quandts didn't like what they saw. In February they forced out the American chairman. —**Lisa Scheer**

PRINCE JOHANNES VON THURN UND TAXIS

American Beachhead

Comes now another German billionaire—this one armed with his sensual young (28) wife, "Princess TNT"—looking for U.S. investments. In December, in a deal put together by Salomon Brothers, Prince Johannes von Thurn und Taxis, 62, bought 37% of Philadelphia investment banker Butcher & Co. The prince wants Butcher to advise his private bank (Fürst Thurn und Taxis) on U.S. stock, real estate and venture capital opportunities. Makes sense. The bank's clients, including the prince and princess, are underweighted in investments outside Germany, at a time when the deutsche mark is strong. The prince, says spokesman Manfred Heiler, is scouring the southeastern states for office buildings and shopping centers.

Meanwhile, back in the homeland, $333 million (sales) Doduco, based in Pforzheim, is probably the largest part of the prince's empire. Doduco makes industrial electronic components. Other businesses include breweries, farmland and forestry, metals trading and office buildings. Total net worth of this fortune that began with a private mail service initiated by Franz von Taxis in 1490? "I really don't know," said the prince in a *Connoisseur* magazine interview in January. "The family has owned 18 castles, and in some of them they're still making inventories started in the 17th century." A reasonable estimate is $1.5 billion to $2 billion.—**Lisa Scheer**

David Montgomery

"Taxiboy" and "Princess TNT"

REINHARD MOHN

Investing For The Long Term

If the world's biggest media conglomerate, $6.4 billion (revenues) Bertelsmann A.G., were publicly traded, the Mohn family's personal worth would probably be considerably less this year than last. In 1986 Bertelsmann paid $330 million for the record division of RCA, which was losing money at the operating level, and two weeks later bought Doubleday, which was facing declining sales in a competitive market, for $475 million. Claire Kent, an analyst of German equities with Morgan Grenfell in London, says those acquisitions and the falling dollar squeezed Bertelsmann's margin from 4.3% to 2.3% in 1987, when earnings fell to $115 million.

DPA

Reinhard Mohn

But Bertelsmann isn't publicly traded. Reinhard Mohn, 68, and his family own 89.3% of the company; another publisher (Gerd Bucerius) holds the balance. Mohn can and does invest for the future, temporary earnings swings be damned. Mark Wössner, chief executive of Bertelsmann, predicts that by 1990 the U.S. acquisitions should be contributing $120 million in operating earnings. Mohn and family are still worth a minimum $2.2 billion.

Mohn, who spent three years at a POW camp in Concordia, Kans. in WWII, resurrected his family's publisher of hymnals and prayer books in the 1940s and pioneered in book clubs in the 1950s. Book clubs are still Bertelsmann's major growth engine. But the weak dollar, stagnating markets in Europe and stiff German anticartel laws will encourage Mohn to make more acquisitions outside Europe, especially in the U.S.—**Lisa Scheer**

RUDOLF AUGUST OETKER AND FAMILY

Rudolf Oetker's Soft Shoe

Herr Oetker is something of an eccentric. He eschews fashionable neckties, takes the train to his Bielefeld office, and wears 20-year-old shoes. But don't be misled. Oetker is the supervisory chairman and, with his family, owner of Oetker Group, a huge brewing, food, insurance and shipping conglomerate. Revenues in 1986 were $1.6 billion, cash flow $138 million. Rolf Muhlmann, spokesman for the group, admitted that revenues are "a bit understated," since a bank, for example, is not included in consolidated statements. Analysts figure the Oetker clan's holdings are worth at least $2 billion. Oetker officially retired in 1981 at 65 but still advises the business.

Oetker's family was killed in a bomb raid in World War II. Starting in 1944, at age 28, he rebuilt the family food business, diversifying along the way into breweries, banks and insurers, among other things, and amassing an impressive commercial shipping fleet. As Europe prepares for integration in 1992, Oetker plans to invest in food businesses in southern Europe, where food is produced at low cost. Oetker Group's $778 million (sales) food division, led by his oldest son and likely heir, 44-year-old August, is looking for joint ventures in France, Spain, Italy and Turkey. Last year the group bought 70% of Genoa-based Industria Ligure Té (Ilté), a small tea company. Now 72, Rudolf Oetker gets a lot done in his comfortable old shoes.—**Lisa Scheer**

Wolf P. Prange

Rudolf Oetker

BRENNINKMEYER FAMILY

Almost Invisible—Almost

Few rich people like the spotlight turned on them, but the Brenninkmeyer clan's penchant for secrecy is legendary. Said to number several hundred—about 50 seem to run the family businesses—many family members live together on a supersecure estate in Germany. They are said to be devout Catholics whose sons are expected to go into the 147-year-old business. Deeply fearful of kidnappers, the family sent two of its daughters to Boston University under assumed names.

A little more is known about their decentralized business dealings. Amsterdam-based Intercena runs the Brenninkmeyers' C&A chain in Holland. Amcena Corp., a New York holding company for Brenninkmeyer NV, represents family interests in the Howland-Steinbach department store chain; Miller's Outpost, a specialty retailer in California; and Maurice's in Minnesota, among others. Total U.S. stores now: around 400. There are many more stores in Britain, Spain, Brazil and other countries, as well as a web of real estate companies.

Here's some light: In West Germany the Brenninkmeyers' 144-store chain must report figures. In 1986 (1987 figures are not yet available) the German C&A department stores reported earnings of $117 million on sales of $3.5 billion. It's safe to estimate that the German segment alone is worth some $3 billion.

HERZ FAMILY

Max Herz' Bright Boys

When Max Herz died in 1965, he left behind a coffee mail-order and retail business, his widow, and children, including two sons, Günter and Michael, who assumed leadership of the company in their 20s. The boys lacked experience, but not energy and creativity.

By 1983 Günter Herz, now 47, and brother Michael, 44, had expanded their father's Tchibo Frisch Röst Kaffee Max Herz K.G. into 500 stores and added a new concept: 25% of the Hamburg-based coffee chain's stores were stocked with noncoffee goods, from bottle openers to surfboards, tennis rackets to bicycles, all sold cheaply. A consortium of establishment consumer electronics retailers and manufacturers led by Sony and Philips NV tried to halt Tchibo's aggressive growth by winning an injunction against the upstart chain for selling Japanese VCRs at cut-rate prices. The move failed. Last year sales of Tchibo Frisch Röst Kaffee A.G., the retail part of the group, reached $1.6 billion.

In 1970 the Herz brothers tried to buy a majority stake in Kaiser's Kaffeegeschaft, a foodstuffs chain, but they failed. In 1974 they bought 27% of $1 billion (present market cap) Beiersdorf A.G., known primarily for its Nivea brand hand and skin lotions. In 1980 they bought 53% of Reemtsma Cigarettenfabriken GmbH. Germany's second-largest cigarette company (Peter Stuyvesant brand), Reemtsma also owns breweries: Tuborg of Denmark and Bavaria St. Pauli's, among others, and recently reported it had $389 million in cash for more acquisitions.

The brothers Herz have also acquired a harness racetrack in Hamburg-Farmsen, a trotter stud farm in Schleswig-Holstein and real estate in Canada.

In 1986 the Tchibo Group reported net earnings of only $54 million on sales of $3.3 billion. Like most European family businesses, this one is run with the tax collector in mind. In all likelihood, Tchibo is worth at least $1 billion.—**Lisa Scheer**

HENKEL FAMILY

Hanging On

A senior Henkel family member is said to have scolded a young female relative and shareholder who wanted a bigger dividend from the family company, Henkel KGaA. "You have one fur coat," the elder observed. "What do you want with two?"

It's hard to say how the fourth-generation Henkels will do (not well, one suspects), but the third, and current, generation has shown lots of energy and imagination. Chemist Hugo Henkel, son of the founder, dramatically changed German markets in 1907 with Persil, a self-acting detergent that eliminated scrubbing. Henkel KGaA is now one of the world's largest detergent and specialty chemical producers. Last year Henkel earned $162 million on $5.1 billion sales.

Konrad Henkel, the founder's grandson and supervisory chairman, has used the dollar's periodic weakness well. Henkel KGaA bought 26% of Loctite Corp., an adhesives manufacturer, in 1985. He increased Henkel's stake in Clorox from 23% to 24%, bought a metal finishing company from Ford and a chemicals operation from Occidental Petroleum. Joint ventures have put Henkel into Japan and Korea.

Wolf P. Prange

Konrad Henkel

The Henkel clan now approaches 70 in number. To get more liquid, the Henkels sold the public about one-third of their company, in nonvoting stock, in early 1986. They are said to plan on holding their voting stock—worth over $2.1 billion—until at least the year 2000. Then the spoiled fourth and fifth generations can buy all the fur coats they want.—**Lisa Scheer**

ERIVAN HAUB
Pizza Mit Schnitzel, Bitte

In West Germany everyone knows Tengelmann, a 3,000-store food chain. Most Dutch consumers know Hermans Groep, one of Holland's largest food chains, as most Americans recognize the A&P name. But does anyone know Erivan Haub, the publicity-shy owner of Tengelmann, Hermans Groep and 52% of A&P? Haub is the great-grandson of Wilhelm Schmitz-Scholl, a merchant from Mülheim who founded Tengelmann in 1876 as a wholesaler of coffee, cocoa and tea. According to Baring Securities' Gebhard Klingenstein, $16.6 billion (1987 consolidated sales) Tengelmann is now worth at least $2.5 billion. Erivan Haub, 56, is its sole owner.

Wolf P. Prange

Erivan Haub

Like many West German capitalists, Haub has long been expanding abroad, and profitably so. A&P lost $323 million between 1979 and 1982. But under James Wood, an Englishman recruited by Haub from Grand Union in 1980, it has turned around, and last year earned $103 million on sales of $9.5 billion. Haub sees opportunity at home, too. In a joint venture with PepsiCo, Tengelmann is now opening a series of Pizza Huts in West Germany.—**Lisa Scheer**

FRIEDRICH KARL FLICK
"Muck," "Mick" And Mire

Tainted by scandal and threatened with litigation by his own family, Friedrich Karl Flick, F.K.F. to his friends, can still take some pride from the fact that, at over $3 billion, he is one of Europe's richest men.

Flick's nephews, Gert Rudolf and Friedrich Christian—respectively, Muck and Mick to the popular press—are threatening to sue F.K.F. for DM1 billion ($556 million) over his 1986 sale of the family business empire, Friedrich Flick K.G. (named after his father, the founder) to Deutsche Bank for DM5.3 billion, or over $3 billion at the time. The business was sold following revelations of illegal payments of laundered cash to politicians for tax favors. The "Flick Affair" also brought down West Germany's economics Minister and earned F.K.F. the tag "Paymaster of the Republic." Muck and Mick reportedly received DM308.5 million in 1975 for their portion and another DM225 million in 1985.

Strangely quiescent then, they now clamor for a redistribution of the Flick inheritance. Stay tuned.—**Lisa Scheer**

WILHELM VON FINCK
AUGUST VON FINCK
Good Career Choice

August von Finck once said he would rather have been a farmer than a banker, but banking has been good to him. August, 58, and his brother Wilhelm, 60, own Munich's Merck Finck & Co. Possibly the second-largest private bank in Germany, it specializes in investment banking and loans to medium-size and large Bavarian firms, and is joining London insurance broker Sedgwick Ltd. to offer customers trade insurance.

Grandfather Wilhelm von Finck founded the bank in 1870 and invested in Germany industry—and in land. The family owns 10,000 acres of farm and forest land around Munich.

Wolf P. Prange

Wilhelm and August von Finck

Mostly through Merck Finck & Co., the family owns a majority of brewer Würzburger Höfbräu, two champagne producers, a food and furniture firm, a nuclear power company (Isar Amper Werke A.G.) and 5% or so of West Germany's largest insurance companies (Allianz Insurance and Münchener Rückversicherung). The family also owns 90% of brewer Löwenbräu A.G. of Munich. In March, August von Finck sold the family's 25% of Hochtief, a construction firm, on the Frankfurt Exchange, for $422 million. That plus other holdings are estimated to be worth at least $2.5 billion.—**Lisa Scheer**

SCHICKEDANZ FAMILY
Mail-Order Billionairess

Grete Schickedanz is keeping her investments at home. With daughter Madeleine Bühler and stepdaughter Louise Dedi, Grete owns Fürth-based Quelle. Quelle is Europe's largest mail order house (1987 revenues, $6 billion), with interests in everything from banks to travel services. The hefty Quelle catalogs—16 million are mailed twice yearly—offer 45,000 items from garden tools to fashion accessories.

Last year Quelle bought a majority of $333 million (sales) Sinn A.G., a Cologne-based department store chain. This year it is investing $194 million to refine, among other things, its catalog product mix and reformat more than 20 existing Quelle department stores for German consumers who are into more upmarket, trendy merchandise.

DPA

Grete Schickedanz

Gustav Schickedanz started Quelle in 1927, figuring German farmers would embrace mail order; Grete, now 76, was an early employee. He invested in a paper company, banks and breweries during the 1930s. Wiped out in World War II, Grete rebuilt from a small textile shop. Gustav died in 1977. The family company, Gustav und Grete Schickedanz Holding K.G., owns the paper company, brewer Patrizier Bräu, insurance and leasing companies and valuable real estate in Bavaria. The Schickedanz' net worth: at least $1.2 billion.—**Lisa Scheer**

VON OPPENHEIM FAMILY

Bankers' Bicentennial

The Oppenheims, who operate through their Cologne-based bank Sal. Oppenheim jr. & Cie, enjoy a reputation for shrewdly judging risk. The bank was founded in 1789 by 17-year-old Salomon Oppenheim Jr., who became the first Jew elected to Cologne's Chamber of Commerce. The Nazis did not kill the Oppenheims (under Third Reich laws they were only one-quarter Jewish) but did arrest two family members in 1944 as suspects in the assassination attempt on Hitler. In 1938 the Oppenheims were forced to rename the bank Pferdmenges & Co. after a partner who shepherded the family's assets. The bank's original name was reinstituted in 1947. It is now run by Alfred von Oppenheim, 54, his cousin Manfred von Oppenheim, 64, and a relative by marriage, Matthias Graf von Krockow, 39. Alfred is also president of the Düsseldorf Stock Exchange.

Wolf P. Prange Wolf P. Prange

Alfred and Manfred von Oppenheim

In 1987 total group assets were DM12.6 billion ($7 billion), and the family is worth maybe $2 billion. Where are they putting their, and their clients', money? Into high-yielding European bonds, especially foreign bonds denominated in deutsche marks. All foreign bonds are exempt from a proposed German 10% withholding tax on interest income that would go into effect January 1989, "a very important factor for our clients," comments bank spokesman Walter Damm.—**Lisa Scheer**

WERHAHN FAMILY

All Quiet On The Werhahn Front

Very little is known about the Werhahn family of Neuss. The Werhahns like it that way. Here's what is known: Bankhaus Wilhelm Werhahn K.G. (1986 external sales, DM3.62 billion, or $2 billion), privately owned by the Werhahns, acts as a holding company for the family interests. These include 10% of the Hoesch steel company; 7% of RWE, one of West Germany's largest electric utilities; and 50% of Strabag Bau A.G., a German construction group.

Wolf P. Prange

Herbert Werhahn

The Werhahns also have holdings in some 70 domestic companies, plus a number of foreign and minority holdings. Last October they sold $1.1 billion (sales) Co-op, a Frankfurt-based food retail chain, to a group of Swiss banks. All in all, the very private Werhahns' visible holdings are conservatively estimated to be worth $2 billion.—**Lisa Scheer**

Austria

SWAROVSKI FAMILY

Rhinestone Billionaires

For four generations, Austria's Swarovski family, new this year on the list, has dominated the world's trade in rhinestones. Founded by Daniel Swarovski in 1895, D. Swarovski & Co. today accounts for 75% of the world volume in glass stones and crystals. What with rhinestones hot again in the fashion world, the Swarovskis say the company nets 15% aftertax on revenues of $1 billion.

Kevin Galvin

Daniel and Manfred Swarovski

D. Swarovski & Co. remains a paternalistic company that benignly governs its pleasant little Tyrolean company village of Wattens. The Swarovskis spend 6% of revenues on R&D and as a result produce what most experts consider to be the world's highest-quality glass and leaded crystal figurines. The company is owned by 31 family shareholders, all descended from the founder, Daniel Swarovski, and unofficially led by Gernot Langes-Swarovski.

To further buffer their revenues against the fickleness of fashion designers, the Swarovskis are now branching out into retail. They have opened fashion jewelry stores in Australia, England and Paris, and have created their own brand-name lines of costume jewelry. When first peddling Silver Crystal in the early Eighties, the Swarovskis blundered by selling their exclusive-image figurines through too many nonexclusive outlets. But if history is any guide, the family will learn and profit from these early mistakes.

(For more on the Swarovskis, see FORBES, *May 30.*)—**Phyllis Berman**

Holland

ANTON DREESMANN

Paving The Way

Now 65, Anton R.C. Dreesmann has suffered several strokes. Yet still he builds. Since January, Vendex International, the Dreesmann family's $8.2 billion (sales) company, has picked up drugstore chain Drogasil in Brazil, a stake in B. Dalton booksellers and its partner Barnes & Noble in the U.S., a furniture chain in Belgium and a travel firm in Holland. During last October's crash Vendex bought over half a million nonvoting shares of Arkansas-based Dillard Department Stores.

Robert Sweers, head of institutional research for Banque Paribas Nederland in Amsterdam, values Vendex International at some 2.5 billion guilders, or $1.2 billion.

ANP

Anton Dreesmann

But Dreesmann, who once taught economics at the University of Amsterdam and is still called professor, is aware of his mortality. With no one in the family to run the company, Dreesmann will take it public by 1990. His handpicked successor will be Arie van der Zwan, former head of a Dutch investment bank and member of a left-wing think tank in the early 1970s. Van der Zwan, like Dreesmann, is a university economics professor and is recognized as a brilliant intellectual.—**Lisa Scheer**

FENTENER VAN VLISSINGEN FAMILY

Survivors

New to our list this year, the three Fentener van Vlissingen brothers share a fourth-generation Dutch fortune easily worth a billion dollars. Paul, 47, is chief executive of SHV Holdings NV, an international energy company with a wholesale consumer-goods arm. John, 49, runs Noro Group, a Dutch investment fund with $2.4 billion under management. Flint is run by Frederik, 55.

This is fairly old money. The fortune grew out of a coal-trading cartel founded in turn-of-the-century Holland by two Dutch families who intermarried and ran the business together for 50 years. Great-grandfathers Frederik Fentener van Vlissingen from Amsterdam and Hendrik Adriaan van Beuningen, a railroad official in Utrecht, fueled Holland's industrial revolution by importing coal from Germany's Ruhr Valley.

Alas, the van Vlissingen/van Beuningen profits also fueled the envy of the German Coal Syndicate, whose exclusive license was making the Dutchmen so rich. The syndicate demanded, and got, 49% of SHV Holdings. But the wily Dutchmen had already taken the precaution of diversifying, investing in Holland's awakening industrial companies and holding those investments outside of the coal company.

The growing fortune survived World War II. But a more serious threat was interfamily quarreling that flared in the third generation. In 1954 the founders' families finally split: The van Beuningens got Unitas, while the Fentener van Vlissingens took SHV. The Fentener van Vlissingens clearly cut the better deal. They moved from waning coal to waxing oil and gas, and then into a consumer-goods wholesaling operation. Makro, as it is called, now accounts for three-fourths of SHV's sales ($4.5 billion) and almost two-thirds of assets ($2.3 billion), and is spreading beyond Europe to Brazil and Argentina.

ANP

Paul Fentener van Vlissingen

The Fentener van Vlissingen family is now moving deeper into oil, spending some $150 million to extend their interests in the North Sea's rich Brae field. Brae is expected to reach full production in the 1990s. Having survived two world wars, inheritance taxes and family quarrels, this fortune seems destined to grow well into the next century.—**Lisa Scheer**

France

BOURIEZ FAMILY

Ici On Parle Wal-Mart

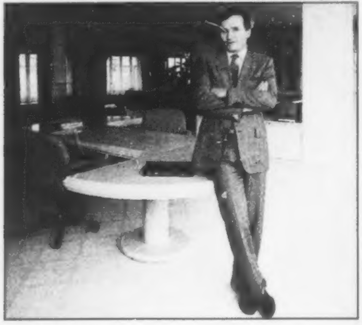
New to our list this year, the Bouriez family, led by Philippe Bouriez, 54, likes to understate the success of the family retailing company, Cora-Révillon. Talk about success might merely attract more competitors. Bouriez insists that Cora-Révillon's sales are about $5 billion. But industry observers say $6 billion or $7 billion is closer to the truth. Even at Bouriez' figure, the family is worth an estimated $1 billion.

The Cora part of the business operates supermarkets and smaller-scale superettes; these make Cora-Révillon a major French food retailer. Cora also owns a number of hypermarkets, emporiums selling everything from food to clothing to lawn mowers under one roof. The Révillon part of the Cora-Révillon name, meanwhile, comes from the family's world-famous fashion fur house.

Do furs, artichokes and lawn mowers mix? In this case they do. Philippe Bouriez' Franco-Belgian ancestors founded the chain in the 19th century. In effect, he piggybacked on someone else's success, licensing the right to use the respected Carrefour name. Why did Carrefour let Bouriez in? Because Carrefour was expanding rapidly in France's larger cities, whereas Bouriez—like Sam Walton and his Wal-Mart stores in the U.S.—targeted smaller towns. Once Bouriez' stores were opened, they were relatively safe from competitors, since the towns

Bouriez chose were generally too small to support more than one big retailer. By 1975, when Philippe, Michel and Jacques took over operations from their father, André, the stores were so well entrenched that the brothers (and their two sisters, who inherited equal shares) dropped the Carrefour connection and put their own name, Cora, on their stores.

Delluc/L'Expansion



Philippe Bouriez

There is also a buccaneering side to the family. Elder brother Michel Bouriez, 55, has been charged with obtaining a building permit through bribery. He spent three weeks in jail on that charge, although he has not been convicted and the case is still under investigation.

But the family also enjoys a reputation for capable management and intelligent diversification. In 1981 the Bouriez family acquired Révillon for 1.2 billion French francs ($200 million). Other small businesses include Editions Mondiales, a publisher of French pulp romance magazines, and a small perfume business. In 1986 Philippe bought 2% of TF1, the popular TV network controlled by compatriot Francis Bouygues and Italy's Silvio Berlusconi *(which see)*.—**Diana Fong**

PEUGEOT FAMILY

The Last Major Family Car Company

France's $19.5 billion (sales) Peugeot S.A. is the world's last major automobile maker still absolutely controlled by its founder's descendants. A few dozen Peugeots today own 26% of the company, but their shares enjoy double voting rights. Peugeot S.A.'s current market value: $5 billion, up from $3.7 billion at the end of last year. Thus has the family earned a place on this year's billionaires roster.

The Peugeot fortune traces to the 18th century and a metal foundry in France's Montébeliard region, near the Swiss border. Hardworking Huguenots with Swiss banking connections, the Peugeots became renowned for quality products ranging from coffee grinders to bicycles. Armand Peugeot—the great-granduncle of Bertrand, Roland and Pierre—believed in the automobile. Since producing their first car in 1899, the Peugeots have produced 19 million to date.

T. Ribolowski/R.E.A./Picture Group

Pierre Peugeot

Richard Kalvar/Magnum

Roland Peugeot

In the 1970s the company nearly sank. The purchase of Citroën, another French automaker, was a mistake because Citroën was itself in bad shape. Then came another bad acquisition: In 1978 Peugeot-Citroën bought Chrysler Europe just before more fuel-efficient Japanese cars became popular. Meanwhile, the Peugeot reputation for quality had faded. If that weren't enough, the French government and France's Communist-dominated autoworkers union favored state-owned Renault in an ugly effort to drive private Peugeot under. But the story has a happy ending. Jacques Calvet was voted in as chairman by the family in 1982. Calvet took strikes, fired unproductive workers and, by 1985, restored Peugeot to profitability. Now the leader in France with 32% to 33% of the market, Peugeot is well positioned for 1992's European market, where it is third after Volkswagen and Fiat.

Unlike Schlumberger and Michelin, where family members are forbidden to work, Peugeot is loaded with Peugeots. First cousins Bertrand, Roland and Pierre Peugeot are the principal shareholders and all are Peugeot executives. But it is no family featherbed. "The Peugeot heirs must be satisfied with salaries based on merit," reports Alain Jemain, author of the recent book *Les Peugeot*. "They are not entitled to fat dividends as their birthright." The Calvinist ethic is alive and well at Peugeot.—**Diana Fong**

SCHLUMBERGER FAMILY

Vive Mitterrand

After a period of setbacks, things are again looking up for the Schlumbergers. Schlumberger, Ltd., the world's leading oil services company, is benefiting from increased drilling activity in North America. The family—including the American side, headed by Dominique de Menil and Pierre Schlumberger of Houston—owns 20% to 25% of $9.3 billion (market value) Schlumberger, Ltd., which has been run by professional management since 1965.

In France the Seydoux branch of the family—Jérôme, Nicolas and Michel—are receiving much attention now that the socialist family's old friend, François Mitterrand, is staying on in the Elysée Palace. While Nicolas and Michel run film production companies, Jérôme runs Chargeurs S.A., a $1.8 billion conglomerate that includes UTA, France's largest private airline. Last year Chargeurs stock took a beating on the Paris Bourse. But with Mitterrand reelected, there is speculation that UTA, which mostly flies to Third World countries, will acquire the much coveted Paris-Newark route. Immediately after the election, Chargeurs stock rose 10%.—**Diana Fong**

Patrick Hamon/Keystone Picture Group

Jérôme and Nicolas Seydoux

LILIANE BETTENCOURT

Life Is Tough

"It's irritating to be rich," griped Mme. Liliane Bettencourt, 65, heiress to the L'Oréal fortune, in a rare interview with France's *L'Égoïste*. "Why should one apologize for having money? It started with my father, an idea, hard work, others who succeeded him and expanded the company. Should one be proud or ashamed?"

Lesegretain/Sipa

Liliane Bettencourt

Proud, obviously. Mme. Bettencourt is the richest individual in France, owning 28% of the world's leading cosmetics company (worth $840 million), plus some 4% of Swiss food giant Nestlé (worth $519 million). She got her Nestlé shares when she sold that company half of her L'Oréal shares in 1974; Nestlé has the right to buy out Mme. Bettencourt altogether in 1994.

Bettencourt, who also owns a 25% to 30% stake in L'Oréal's private American licensee Cosmair, lives quietly with husband André, a former Gaullist minister, in an elegant townhouse outside Paris. They have one married daughter, Françoise, who, unless things go seriously wrong, will one day succeed her mother on this roster of billionaires.—**Diana Fong**

Sweden

HANS AND GAD RAUSING

Big Profits In Small Packages

Enormously successful in much of the world, Hans Rausing, chairman of Tetra Pak, still makes no money in the U.S. Is he discouraged? Not at all. "Packaging is an uncertain kind of business," he says. "Things today are not the same as things tomorrow."

Tetra Pak, created by his father, owns technology for packaging liquids—from milk to apple juice—so that they can be transported and stored without refrigeration. In 1986, the last time the company released figures, Tetra Pak reported revenues of $2.6 billion. It is owned entirely by Hans Rausing, 62, and his brother Gad, 66, a University of Lund archeology professor.

Hans Rausing

Gad Rausing

In the U.S. the $500 million aseptic packaging market is still in its infancy. Tetra Pak dominates (with about 70%) but faces fierce competition from International Paper, Ex-Cell-O Corp. and West Germany's Combi Block. Glass and plastic bottles are still far more popular here than abroad, and U.S. dairies have shied away from ultra-high-temperature milk, which is necessary to avoid refrigeration.

On the other hand, one does see more and more small, brick-shaped juice packs in the stores. Great for kids, campers and picnics, many of these packages are produced by Tetra Pak and give Hans Rausing reason to believe he'll one day be highly profitable in the U.S.—**Lisa Scheer**

INGVAR KAMPRAD

Penny-Pincher

Ingvar Kamprad, another new entry on our list, doesn't act much like a billionaire. He stays in cheap hotels, wears worn sweaters, shuns long-distance telephone calls and takes the employee discount on purchases from Ikea, the Humlebaek, Denmark, furniture retailing chain he founded in 1953 and still privately owns. Kamprad runs Ikea stores the same way he dresses: Watch the costs and never mind the frills. Which is one reason the chain's profits rose 45%, to $155 million, last fiscal year ended Aug. 31, on sales of $2.1 billion.

After World War II, most Europeans bought furniture from large department stores or cartelized local shops. Delivery was slow, price high. But in 1950 Kamprad sent out a catalog of good, cheap mail-order furniture. The response was encouraging. He experimented with several retail concepts before hitting on the right formula: unassembled, boxed furniture of attractive Swedish design picked up by customers at self-service warehouses at savings of 30% to 50%. Nearly debt-free, Ikea now has 77 stores in 18 countries, including recently opened outlets in Pennsylvania and Virginia suburbs (Forbes, *Mar. 21*).

Ingvar Kamprad

Now 62, Kamprad lives as a tax exile in Lausanne, Switzerland. From there he runs Ikano Group, a family holding company that handles Ikea's credit card business, owns land under the Scandinavian stores worth an estimated $250 million and makes investments. Kamprad has registered Ikea as a Dutch foundation to avoid confiscatory Swedish inheritance taxes on his $2-billion-plus fortune. This would give his three sons—ages 19, 22 and 24—a shot at managing the company, if they want it.

Middle East

THE AGA KHAN IV

Quite A Zakat

Karim Al Hussaini presides over one of the world's most unusual fortunes. Upon his grandfather's death in 1957, he became the Aga Khan IV, the 49th hereditary leader of millions of Ismaili Moslems living primarily on the Indian subcontinent, East Africa and Syria. Members of an Islamic Shiite sect, these Ismailis revere their spiritual leader, treat his utterances as law and give him a *zakat*, or Muslim tithe as prescribed in the Koran, of up to 10% of their net personal incomes. Not everyone, of course, pays up. But the result is an annual income estimated at more than $100 million. By tradition and court rulings, that money belongs to the Aga Khan personally to be spent as he alone sees fit. Much of it goes for good works—hospitals, schools, mosques—but there seems to be plenty left over for the head man.

Ismailis are renowned business people, and the Aga Khan is no exception. In his three-decade reign, the Aga Khan, now 50 and a big advocate of Western-style economic development and investment, has amassed a personal net worth well over $1 billion.

He lives extremely well. Unlike his father, the late Aly Khan, who counted Rita Hayworth as one of his four wives, the current Aga Khan has been married to the same woman for 19 years and is the father of three children. He is the ultimate cosmopolite—Middle Eastern by heritage, Swiss by birth, Kenyan by early rearing, American by higher education (Harvard '59), British by passport, French by primary residence (a 200-acre estate near Paris) and most everywhere for investment.

The Aga Khan IV

AFP

Largely through his reported 70% ownership of Fimpar, a publicly traded Italian company, he controls the luxury Ciga Hotel chain of Italy as well as hotels in other European countries. He heads a consortium that owns Costa Smeralda, a ritzy 32,000-acre coastal resort on Sardinia. He has two Mediterranean airlines, Alisarda and Avianova. On the sporting side, he owns 500 Thoroughbreds, many of them champions. One, Kahyasi, won the prestigious English and Irish derbies last month. Some experts value the Aga Khan's racing interests alone at more than $200 million.

Interests in nearly 60 banks, insurance companies, property firms, factories, mills, hotels, resorts and service companies in about a dozen Asian and African countries are grouped under the Aga Khan Fund for Economic Development, actually a profitmaking, Swiss-chartered holding company. Much of the Aga Khan's money goes back to where it came from—the Third World.—**William P. Barrett**

Saudi Arabia

ABDUL-AZIZ A. AL-SULAIMAN

Concrete Wealth

Saudi Arabia's first finance minister, Abdullah Al-Sulaiman, signed the kingdom's first serious oil exploration agreement with the West in 1933. For faithful service, King Abdulaziz Ibn Saud awarded him a license to import cement. This commodity eventually would prove to be immensely lucrative, creating the foundation, so to speak, for the family fortune.

Abdullah's son, Abdul-Aziz Abdullah Al-Sulaiman, left Easton, Pa.'s Lafayette College after a year. Following a stint with Chase Manhattan and service in the Saudi government, Al-Sulaiman in 1954 founded his own company—now called Abdul-Aziz Al-Abdullah Al-Sulaiman & Co.—to represent foreign companies in the kingdom. He also started Rolaco to operate the family cement business. Rolaco soon became perhaps the country's largest importer of building supplies. The Al-Sulaiman family also owns a chunk of Saudi Arabia's lucrative Datsun franchise.

Now 57, Al-Sulaiman and his family also own the Kandara and Jiddah Palace hotels in Jiddah as well as the Inter-Continental hotels in Dammam, Mecca and Cairo. They hold interests in several other hotel companies in Saudi Arabia and abroad, and in banking, manufacturing and insurance. Al-Sulaiman is also said to have vast sums squirreled away in European banks.

When in New York Al-Sulaiman, like a number of other superrich Arabs, bases himself in the General Motors Building, from whose plush offices Rolaco employees help mind the family's American investment portfolio. Total net worth exceeds $1 billion.—**William P. Barrett**

Abdul-Aziz A. Al-Sulaiman

SULIMAN SALEH OLAYAN
Losses? What Losses?

Using his oilfield construction fortune, earned in his native Saudi Arabia, Olayan was an early Arab investor in U.S. stocks. Since last year's stock market peak, he has lost nearly $90 million (on paper) in the three public companies (First Chicago Corp., Transamerica and Thermo Electron Corp.) in which he owns 5% or more. Numerous other widely reported but undocumented stakes (including Mobil Oil and Chase Manhattan) may have put his total hit around Black Monday at more than $350 million. His spokesman won't comment. About a month before the crash, one of Olayan's companies reportedly sold off nearly 900 London apartments for an undisclosed price. Olayan's people won't talk about this, either.

Robert Azzi/Woodfin Camp

Suliman Saleh Olayan

But Olayan, 69, is a long-term player. His family—his son and daughters are actively involved—controls a worldwide real estate, banking and investment network, along with substantial operating and financial services companies in Saudi Arabia. Even after any market losses, Olayan's net worth still adds up to more than $1 billion.—**William P. Barrett**

AL-RAJHI FAMILY
What Riyadh Wants, Riyadh Gets

The Saudi government has won more financial regulation, along with tougher reporting standards, over the relatively freewheeling money-changing business of the four Al-Rajhi brothers. Last month the newly reconstituted Al-Rajhi Banking & Investment Corp., a commercial bank and one of the kingdom's largest, floated shares to the public.

During the past 40 years, the reclusive Al-Rajhi brothers—Suliman, Salih, Abdullah and Mohammad—were the biggest of all Saudi money-changers. When OPEC was riding high, deposits, on which they paid no interest, often topped $4 billion. That's some float. In 1983, one oil-boom year for which results were reported, this part of the Al-Rajhi empire alone earned over $90 million.

Last year profits came to less than $10 million. But the Al-Rajhis have huge investments in real estate, factories and other assets; according to bank analyst Capital Intelligence, even their shrunken core business is still worth $500 million. Their initial public offering was wildly oversubscribed. The family wealth can still safely be counted at more than $2 billion.—**William P. Barrett**

BIN MAHFOUZ FAMILY
Saudi's Big, Big Bankers

Ever since Salim Ahmed Bin Mahfouz won royal permission in the early 1950s to open Saudi Arabia's first bank, the National Commercial Bank, the Bin Mahfouz family has defined Saudi banking. The clan, led by Salim and his son, Khalid Bin Salim Bin Mahfouz, is now diversifying. Capital Intelligence values the Bin Mahfouz' 52% stake in NCB (assets, $17 billion) at about $420 million and its reported 30% holding in the Luxembourg-chartered Bank of Credit & Commerce International at more than $300 million. There are interests in more than a dozen other non-Saudi banks, plus control of Langdon P. Cook, a New York bond house, and Eastbrook, a small New York investment bank.

Salim Ahmed Bin Mahfouz

Back home in Saudi Arabia, the family has big shareholdings in many Saudi companies. In addition, their Middle East Financial Group, based in Luxembourg, reportedly has been buying, at 20 cents or less on the dollar, the debts of troubled Saudi companies. All told, the family's net worth is believed to be about $1.5 billion.—**William P. Barrett**

JUFFALI FAMILY
Rolling Along

Still believed the biggest single business conglomerate in Saudi Arabia, E.A. Juffali & Brothers keeps rolling along. Subsidiaries sell Mercedes trucks (vehicle of choice among Arab haulers), Michelin tires, air conditioners and insurance. Then there's electric power generation, cement production, construction and engineering. Founded in the 1940s by Ebrahim Juffali and brothers Ahmad and Ali, the company helped create a market for electrical goods by bringing electricity to key Saudi cities—including the mountain town where the royal family spent the summers.

Robert Azzi/Woodfin Camp

Ahmad Juffali

Ahmad, now about 64, runs the [illegible] which in recent years has devoted more of its considerable resources to foreign pursuits. The family's New York-based investment arm, Enpro International, oversees numerous real estate and other ventures and reportedly has been seeking to acquire hotels. *MidEast Report* still puts the family's total net worth at more than $1 billion.—**William P. Barrett**

Lebanon

SAFRA FAMILY
Revenge

His family is worth at least $1.5 billion, but Lebanese-raised Edmond J. Safra, now resident in Geneva, is not relaxing. The reclusive Safra, about 57, who controls Republic National Bank of New York (his one-third stock holding is worth well over $400 million), recently launched a Geneva subsidiary to take on the Trade Development Bank unit of mighty American Express Co.

Safra built Trade Development into a $4.7 billion (assets) private bank, largely with deposits of fellow displaced Middle Easterners like himself, then sold it to AmEx in 1983 for $550 million. Two years later he left AmEx after a bitter personal clash and has been plotting revenge ever since. A noncompete clause expired on Feb. 29. On Mar. 1 his new branch opened. Startup cost: an estimated $200 million.

Safra's younger brothers, Joseph, 49, and Moises, about 53, continue expanding Banco Safra in Brazil. In May they agreed to pay a reported $134 million for 26% of Aracruz, Brazil's leading paper and pulp company. But AmEx is paying its closest attention to Edmond.—**William P. Barrett**

RAFIK BAHAUDDIN HARIRI

Make Business, Not War

According to bankers familiar with his operations, Hariri, a native of Lebanon, has been maintaining very large cash reserves in a number of European banks. To what end is unknown: Hariri, about 43 years old, has been keeping a relatively low profile, quietly attending to his various construction and banking enterprises. His personal net worth is estimated in the $1-billion-to-$2-billion range.

Rafik B. Hariri

Mostly, his activities now seem to be outside the Middle East and certainly outside his adopted Saudi Arabia, where he made his fortune with the Saudi Oger construction company. Hariri's main investment vehicle, the Mediterranean Investors Group, is based in Paris. From Washington, his Hariri Foundation provides financial assistance to Lebanese studying outside their war-torn country. Over the years Hariri has tried to negotiate ceasefires among the various factions destroying Lebanon. Clearly, he is a far better businessman than diplomat.—**William P. Barrett**

Kuwait

AL-GHANIM FAMILY

From Autos To Their Parts

Automobiles have been mighty good to Kuwait's Al-Ghanim family. It was cars' need for gasoline that first brought Western oil companies to the Gulf and allowed the Al-Ghanims to carve out a niche selling a sideline product, kerosene. Then, in the mid-1940s, the family obtained the local General Motors distributorship. Yusuf Ahmed Al-Ghanim & Sons eventually became one of the world's most lucrative car agencies. Yusuf and one of his sons, Qatayba, went on to fashion a diverse Gulf empire ranging from shipping and insurance to sales of prefabricated buildings and water coolers. Operating through the umbrella Al-Ghanim Industries, this extremely secretive family was also among the first wealthy Arabs to begin foreign investing, particularly in the U.S., in a big way. Their wealth is estimated at $1 billion.

Yusuf Al-Ghanim

They still like cars. In the past year, AI (for Al-Ghanim Industries) Automotive Corp., a subsidiary of the family's New York-based AI International Corp., has continued buying rival U.S. auto parts jobbers and distributors. According to various trade publications, AI Automotive is now one of the largest such companies in the U.S.—**William P. Barrett**

MOHAMED ABDUL MOHSIN AL-KHARAFI

The Man To Know In Kuwait

Al-Kharafi helped establish the National Bank of Kuwait back in 1952, when Kuwait was a sand-blown British protectorate whose oil potential was only starting to be realized. Now about 70, he also founded what is today the Al-Kharafi Industries Establishment, a construction giant.

Al-Kharafi's businesses proved well positioned for the massive transfer of assets in the 1970s and early 1980s from oil-starved Western countries to oil-drenched Middle Eastern kingdoms. But, far more significant, the Al-Kharafis also have been able to weather the more recent lean years. For 1986, the latest year available and a decidedly down year around the Gulf, Al-Kharafi Industries had reported profits of $90 million.

Al-Kharafi also chairs the publicly traded National Bank of Kuwait (assets, $10 billion), Kuwait's preeminent financial institution and one of the Gulf's best-run banks.

Mohamed Al-Kharafi

David Mizrahi, editor of *MidEast Report*, a New York-based newsletter, estimates the Al-Kharafi family fortune at more than $1.5 billion. Among the next generation is Mohamed's son, Jassim Al-Kharafi, 47, Kuwait's finance minister since 1985.—**William P. Barrett**

AL-MARZOOK FAMILY

Investors Supreme

According to one well-informed Kuwaiti, Khalid Al-Marzook, about 56, lives in perhaps the largest private house in all of Kuwait. He leads a family, new to this year's billionaire crop, that has amassed its wealth not primarily by trading or manufacturing but through shrewd real estate dealings, with a little banking thrown in.

A basis of the Al-Marzook fortune, at least $1 billion, is the Kuwait Real Estate Co. KREC was founded in 1972 (just before the oil boom) by the Al-Marzooks and Kuwait's ruling Al-Sabah family. Chaired by Khalid Al-Marzook, KREC owns some of the most valuable commercial properties in Kuwait, as well as a portfolio of interests in Kuwaiti and foreign companies. Unlike many other Kuwaiti real estate players, KREC eschews land speculation in favor of careful development, creating more lasting value. The Al-Marzooks were also instrumental in creating the Kuwait International Investment Co., one of the kingdom's first privately owned financial services companies. There are also substantial direct foreign investments, particularly real estate in Japan, Europe and the U.S.

The Al-Marzooks operate through a number of companies, including Pearl Investment, Pearl Real Estate, Kuwait Projects and the Kuwait Real Estate Bank. They also control *Al Anbaa*, a leading Kuwaiti daily paper. *Al Anbaa* does nothing to lessen their influence in tiny Kuwait.—**William P. Barrett**

Bahrain

KANOO FAMILY

Shifting Sands Of Commerce

The wealth of Bahrain's Kanoo family, another new Middle Eastern name on the list, nearly evaporated in the 1930s when the pearl-fishing industry collapsed and the Kanoo banking and trading business was caught with uncollectible receivables. Founder Yusuf Bin Ahmed Kanoo did manage to make good on his own debts by the time of his death in 1945. His nephews and great-nephews have rebuilt what is now called the Kanoo Group into one of the largest pan-Gulf commercial organizations. Its tentacles reach into shipping, shipping services, airline and travel agencies, heavy construction equipment, importing, banking, insurance, business services and real estate ventures. The leader of both the family and business group is now Ahmed Ali Kanoo, 65, a great-nephew of Yusuf. He is also chairman of the National Bank of Bahrain.

Arab News

Kanoo family members

At the height of the oil boom, annual sales of all the associated Kanoo companies and joint ventures were estimated at more than $1 billion, on which the Kanoos were earning the typically fat Middle Eastern margins of 10% to 30%. Business is now perhaps 25% of the peak. But what's left plus what was stashed away during the lucrative 1970s gives the decentralized clan, now working Bahrain and Saudi Arabia, a net worth of around $1 billion.—**William P. Barrett**

India

BIRLA FAMILY

Bring On The Competition Raj

Prime Minister Rajiv Gandhi's attempt to reduce Indian bureaucracy—the notorious License Raj—and encourage competition wins him few friends in business. "India's businessmen hate the idea of fierce competition," says Ashok Birla, head of one of the five major branches of the Birla Group. Birla explains: "They may complain about endless regulations, but the fact is that our big business houses have done quite well despite the red tape. They have mastered the art of making the bureaucracy work for them [to block competitors]."

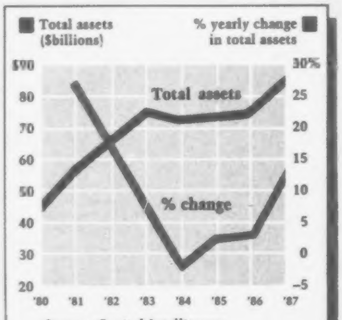
The Birlas, India's richest industrialists, belong to the conservative entrepreneurial community of Marwaris from India's northwestern state of Rajasthan. They control 200-plus companies in India, Malaysia, Indonesia, the Philippines, Kenya, Nigeria, the U.K., Canada and the U.S. These produce everything from automobiles to synthetic fabrics to steel and paper. The family typically owns 25% to 45% of their ventures, whose total assets, according to Indian government figures, exceed $4 billion. Given Indian taxation, there's likely much more, says Rahul Singh, editor of the *Sunday Observer* in Bombay, and a longtime student of the Birlas.

The Birlas support Gandhi's liberalization. Ashok and S.G. Warburg, the London investment bankers, are launching the Birla Mercury Fund, composed of two funds set up primarily to induce expatriate Indians to invest in India's economic expansion. And Aditya Birla, Ashok's cousin, recently announced that his part of the Birla Group would invest some $2 billion in petrochemical plants. Good news, this, for the Competition Raj.—**Pranay Gupte**

Ashok Birla

Turnaround in the Gulf

Is the Gulf finally adjusting to low oil prices? Bank assets are one way of gauging economic vitality in the Middle East. Data for ten leading private commercial banks* in four Gulf states as recorded by Capital Intelligence, a bank monitoring agency in Limassol, Cyprus, show the best gain since 1982 last year—all the more dramatic because it predates Iran's military reverses in 1988. More people, it appears, are now much more willing to leave more wealth in the Middle East, or even bring it there to invest, than they have been in years.



Source: Capital Intelligence, Limassol, Cyprus

*Saudi Arabia: National Commercial Bank, Riyad Bank, Saudi Fransi Bank, Saudi American Bank. Kuwait: National Bank of Kuwait, Commercial Bank of Kuwait, Alahli Bank of Kuwait, Gulf Bank. Bahrain: Gulf International Bank. United Arab Emirates: National Bank of Abu Dhabi.

The Americas

Colombia

PABLO ESCOBAR GAVIRIA

Bring Me The Head Of Manuel Noriega!

The Medellín cocaine cartel chief Pablo Escobar Gaviria had a hand in the deal with Panama's General Manuel Antonio Noriega in 1982 to smuggle cocaine via Panama to the U.S. According to Ramón Milian Rodriguez, a cartel money launderer, Noriega was paid somewhere between $320 million and $350 million in the early 1980s. But now the cartel wants Noriega dead. According to sworn testimony before Congress, Escobar and friends have put a $1 million contract out on General Noriega.

Without Noriega's services, which included money laundering, the cartel is in a jam. An estimated $1 billion of the cartel's money is believed to be frozen in Panamanian banks, and money is piling high in smugglers' homes, bank vaults and safe-deposit boxes in the U.S.—making it easier for U.S. officials to find. Last December the federal government seized $20 million of Florida real estate believed to belong to Escobar and Juan David Ochoa Vasquez *(see below).*

This is not the cartel's only problem. Supply is rising, and the price per kilo is down to $14,000 in Miami, 70% less than five years ago. So more goes to Europe, where the cartel gets up to $55,000 a kilo. In Madrid last May, authorities seized a shipment of 1 metric ton, worth $50 million.

As his problems mount, the 200-pound Escobar still walks freely around Hacienda Napoles, his 50,000-acre ranch near Medellín, Colombia, despite police raids and pending indictments for countless offenses in the U.S. Everyone would benefit if a way could be found to lock Noriega and Escobar in a room together with a couple of sharp knives.—**Claire Poole**

E. Vandeville/Gamma-Liaison

Pablo Escobar Gaviria

GONZALO RODRIGUEZ GACHA

Sandinista's Friend

Rodriguez Gacha, a new entry this year, may be the wealthiest cocaine lord of all. Known as "The Mexican" for his fondness of Mexican culture (and, some say, his crude manners), Rodriguez operates out of Bogotá but is associated with the Medellín cartel. According to a U.S. indictment, he is in charge of all Medellín cocaine distribution to the U.S. West Coast.

Born in Pacho, a city of 50,000 outside Bogotá, Rodriguez is only 41 and apparently rose to power as Pablo Escobar's lackey. He allegedly killed a left-wing Colombian political leader because leftist guerrillas were interfering with his coca farmers. He also set up one of the world's largest cocaine production centers ever found, the so-called Yari laboratories, busted in April 1984.

After that bust followed the assassination of Colombian Minister of Justice Rodrigo Lara Bonilla. It was Rodriguez Gacha who helped establish alternative manufacturing and distribution in Nicaragua. He was aided there by the Sandinistas, notably by Federico Vaughan, a senior official in the Sandinista regime who arranged for fuel for cartel planes at a Nicaraguan military air base. More recently, Rodriguez Gacha is said to have initiated shipping cocaine in fragrant flower shipments from Bogotá, to confuse the noses of airport guard dogs. (Question for our trade ambassador: Why not stop all Colombian flower imports?)

According to former Medellín cartel executive Max Mermelstein, Rodriguez Gacha is greedy. "It's a matter of routes," Mermelstein told FORBES, "and how much he was ripping off from the other [dealers]" in "lost" deliveries. Mermelstein figures that Rodriguez has made about $3 billion, but other sources are not able to confirm this claim.

For now, put Rodriguez Gacha's worth at $1.3 billion, plus all he could steal. If Mermelstein is right, Escobar may want to have Rodriguez rubbed out along with Noriega.—**Claire Poole**

E. Vandeville/Gamma-Liaison

Gonzalo Rodriquez Gacha

OCHOA FAMILY

Something Can Be Done

Another fellow we'd like to see in that room with Noriega and Escobar is Jorge Luis Ochoa Vasquez. His father, Fabio, once smuggled Scotch whiskey and television sets with Escobar and then followed him into cocaine. Fat Fabio recently opted to spend more time horse breeding and handed the cocaine business to middle son Jorge, 39. It was Jorge, after all, who set up distribution in Spain, Puerto Rico and Nicaragua and, most important, Miami. (Jorge's brothers Juan David and Fabio Jr. work for Jorge.)

Much wanted by U.S. lawmen,

E. Vandeville/Gamma-Liaison

Jorge Luis Ochoa

Jorge uses cash and bloodshed to stay beyond their reach. He was arrested in Spain in 1986 when he was shopping for fighting bulls and cocaine routes—but was extradited back to Colombia for bull smuggling and freed two weeks later. Then, last November, highway patrolmen picked up Jorge at a roadblock in southern Colombia. A month later the Picota prison warden in Bogotá set Ochoa free, apparently with the consent of a local judge but not the Colombian government.

Medellín henchmen planned January's infamous killing of Carlos Mauro Hoyos, Colombia's upright attorney general. Hoyos apparently was investigating Ochoa's suspicious release in November. Worse, he publicly favored the reinstatement of a 1979 extradition treaty with the U.S. That would land Ochoa in the U.S., the killer's worst nightmare. And it is a mystery why the government of President Virgilio Barco Vargas does not avenge Hoyos' death by quickly reinstating the treaty.—**Claire Poole**

Brazil

ROBERTO MARINHO
Soap Opera King

At 83, Roberto Marinho has not yet passed his conglomerate, Globo Organizations, on to his three sons. "You can't even ask him that question," says an executive with Globo International in New York. "The man is eternal."

The man also has his hands full. As owner of the world's fourth-largest private television network (behind the U.S. networks), Globo reaches 80 million Brazilians, sells programming to 90 countries and has an 80% stake in Italian-language network Telemontecarlo. Marinho's TV revenues alone are an estimated half a billion dollars yearly—54% of Brazil's entire advertising spending. The group, with over 100 businesses, also includes insurance and finance companies, shopping centers, cattle ranches, a major art collection.

Marinho started with a Rio de Janeiro newspaper, *O Globo*, begun by his father, who died in 1925. Today *O Globo* (revenues, near $100 million) is the largest daily in Brazil. Marinho's TV programming, especially the controversial *novelas* (evening soap operas as important a national obsession as soccer), add to his considerable political clout.

"We're cautious, but our investments are going ahead," says Marinho. "Once Brazil has settled with the international financial community and promulgated its new constitution, we will certainly experience new growth."—**Patrice Duggan**

Roberto Marinho

Delfim Martins F4

SEBASTIÃO FERRAZ DE CAMARGO PENTEADO
Brazilian Bechtel

Camargo, one of ten children born to a small farmer in Jaú, São Paulo, has built his fortune through political contacts and an abiding faith in Brazil's future. His $1.6 billion (net assets) construction and engineering conglomerate, Camargo Corrêa, has built over 1,000 projects in Brazil, including Brasilia in the 1950s; Itaipu, among the largest hydroelectric plants in the world, in the 1970s; and the Amazon hydroelectric plant Tucuruí in the 1980s. Camargo Corrêa, with 33 companies, 30,000 employees, had 1986 revenues of nearly $1 billion. Succession is no question: He has three married daughters—Rosana, 35; Renata, 34; and Regina, 31. All his sons-in-law work in the company.

Luiz Dantas/Editora Abril

Sebastião Camargo

What of Brazil's $110 billion in foreign debt, its nearly 20%-a-month inflation, its political chaos? "I'm not familiar with economics," says Camargo. "I'm only a businessman." But, he comments: "You have to believe in Brazil."—**Patrice Duggan**

ANTÔNIO ERMÍRIO DE MORAES AND FAMILY
Time To Hand Over

João Bosco Lodi, a business consultant who specializes in Brazil's family businesses, notes: "In Brazil, family businesses rarely endure past the third generation." That's the challenge confronting Antônio Ermírio De Moraes, 60. His grandfather was a Portuguese immigrant who built a small shoe shop into what is now $1.7 billion (net assets) Votorantim. The largest industrial group in Brazil, São Paulo-based Votorantim owns nearly 100 companies and employs 60,000 people. It is owned equally by Antônio Ermírio and his three siblings.

The fourth generation consists of 23 cousins, 10 of whom work in the group and will soon have new responsibilities. "It is already time to tap the next in line and depart," Ermírio recently told the press. Speculation per-

Daniel Augusto Jr./4

Antônio Ermírio De Moraes

sists that Ermírio will run for president next year; he is enormously popular with business.—**Patrice Duggan**

Mexico

GARZA SADA FAMILY
Down To Their Last $2 Billion

In the late 1970s the Garza Sadas' Grupo Industrial Alfa borrowed heavily abroad in order to buy into new (for them) industries like tourism and electronics. In April 1982 the huge ($1.5 billion net worth) steel and packaging combine, run by Bernardo Garza Sada, defaulted on the largest private foreign debt—$2.7 billion—in Latin America.

But late last year, after six years of negotiations with 130 creditors, agreement was finally reached. Garza Sada gave his creditors 45% of Alfa's stock; the creditors wrote off over $2 billion of debt.

Not so lucky is the family's $103 million (net worth) Visa, run by some of Bernardo's cousins. Visa is in soft drinks, food and packaging and the Tecate, Carta Blanca and Bohemia breweries. Visa also went heavily into debt for expansion during Mexico's oil boom, but continuing quarreling among the three cousins keeps getting in the way of renegotiating Visa's debt load.

Ironically, the two other companies that round out the family's Monterrey Group have kept the family solvent. Vitro (net worth, $1.5 billion) stayed away from foreign debt and in the business it knows best, glass, and is still profitable. Chemical maker Cydsa (net worth, $585 million) did borrow abroad, but cautiously, and recently renegotiated its debt.

So, even with all of their country's problems, the Garza Sadas still have equity in excess of $2 billion and remain far and away Mexico's richest family.—**Claire Poole**

Bernardo Garza Sada

Canada

KENNETH COLIN IRVING
The Baron Of New Brunswick

In the 1920s Kenneth Colin (K.C.) Irving owned a Ford dealership in his hometown of Buctouche, New Brunswick and was an agent for Imperial Oil—a typical successful small-town businessman. But one day Imperial yanked K.C.'s gasoline franchise. Enraged and vengeful, K.C. borrowed $2,000, set up his own service stations next to Imperial's, and soon beat out Imperial to become number one in the region. He did it by finding suppliers of cheaper oil and passing the value along to his customers.

With cash gushing in from the stations, K.C. integrated forward, backward and sideways: a construction company to build the service stations; St. John Shipbuilding & Drydock Co., a shipyard (now Canada's biggest) to build oil tankers for Irving Refining Ltd. (also Canada's largest). And he created Irving Pulp & Paper Co., the biggest supplier in the Maritimes.

Today the Irvings—K.C. and his middle-aged sons Arthur, John and James—are New Brunswick's largest private landowners and are said to account for over a quarter of the province's GDP. The empire is spreading across the border to Maine, where the Irvings operate 150 service stations, own 700,000 acres of prime timberland, and supply more than 75% of the asphalt used in the state. The Irvings have been accused, mainly by smaller-scale competitors, of everything from predatory pricing to violating safety regulations in the state's wood camps.

Peter Redman

Kenneth Colin Irving

But even among critics there is grudging respect for K.C., who, at 89, doesn't drink, smoke or swear, works 16-to-18-hour days, and has passed similar work habits along to his sons and grandsons, one of whom, James Jr., is said to be heir-apparent. The Irvings' empire is knowledgeably estimated to be worth up to $8 billion.

Known for his aversion to taxes, K.C. now spends much of his time in Bermuda, whose government is more lenient on the subject than Canada's. Canada wants C$500 million in back taxes and interest from oil profits funneled through a tax-free company in Bermuda.—**Diana Fong**

PAUL, ALBERT AND RALPH REICHMANN
Big Fish, Small Pond

Canada is no longer big enough to hold the three Reichmann brothers, who have invaded the U.S. to become North America's largest real estate developers and New York's biggest commercial landlords. Recently their privately owned Olympia & York Developments made a tender offer for the giant railroad company Santa Fe Southern Pacific. They followed that with backing for Campeau's acquisition of Federated Department Stores. Now, not even North America can hold them: The brothers have invested C$6.4 billion to develop London's Canary Wharf project. At home, the Reichmanns' 70%-owned Gulf Canada Resources has an unsolicited C$500 million bid on the table for Calgary's Asamera, which has prized oil interests in Indonesia, the North Sea, Colombia and Italy.

The Reichmanns' ability to recognize and seize the really big opportu-

Randy Moore/The Windsor Star

Paul Reichmann

nities in real estate, oil—whatever—is unsurpassed. After buying Gulf Canada for $2.4 billion in 1985, they sold the downstream assets, kept the exploration company, juggled other assets and won a $400 million tax break. At the end of the day the brothers' Gulf Canada stake was worth $2.2 billion. Meanwhile, annual cash flow from O&Y's Manhattan real estate alone is conservatively estimated at $750 million. All still in their 50s, the Reichmann brothers sit astride a joint net worth that now comes to an estimated $9.2 billion.—**Diana Fong**

GALEN AND GARRY WESTON

The Blood Runs Thick

What started out as a family-owned bakery in 1882 is today two huge independent food conglomerates, run by third-generation brothers on different sides of the Atlantic. Galen Weston, 47, who plays polo with Prince Charles, runs the Toronto-based George Weston Ltd., which earned C$134 million on C$11 billion in sales last year. He is the aggressive acquirer and builder, comfortable with lots of debt. Recent acquisitions include supermarkets in St. Louis; the Canadian division of Britain's chocolate maker Cadbury; and Holt Renfrew, a chain of fur and fashion stores purchased from Carter Hawley Hale for $43 million that Galen's wife helps run.

Peter Redman Universal Pictorial Press

Galen and Garry Weston

Meanwhile, elder brother Garry Weston, 61, quietly runs £2 billion (sales) Associated British Foods in London. Garry is the careful preserver and artful disposer; ABF has no long-term debt. He got ABF out of South Africa at a tidy profit in 1983 before the rand collapsed, and now has $1.8 billion in cash to invest. Brother Galen would no doubt have lots of ideas for spending that cash, but perhaps he should keep them to himself. The Weston clan's 60% of Galen's George Weston Ltd. is now worth $798 million, while their 63% of Garry's ABF is worth $1.4 billion.—**Diana Fong**

KENNETH ROY THOMSON

Lackluster Cash Boxes

Ken Thomson Peter Sibbald/Picture Group

Toronto's Kenneth Roy Thomson, second hereditary Lord Thomson of Fleet, generally avoids the press. But he recently allowed a Toronto *Financial Post* reporter in to see his collection of rare ivory carvings, many of them skeletons, skulls and morbid scenes of the dead and dying. "If you get any highfalutin ideas about how important you are," the billionaire genially told the reporter, "look at a few skeletons and you'll soon come down to earth."

Feet on the ground, Thomson, 64, unostentatiously runs Thomson Newspapers, International Thomson Organisation, Hudson's Bay Co. and the other businesses and investments that account for his family's $5.1 billion fortune. He is aided by his son and likely successor, David, 31. Last year Thomson's ITO bought a leading British legal publisher, and earlier this year, four major databases from Capital Cities/ABC. He also picks up mostly small Canadian and U.S. newspapers—there are 172 now, largely monopolies, with a combined circulation of 3.1 million. Concentrated around the Great Lakes area, the newspapers are lean on editorial content, fat on gross profit margins, and are what the current Lord Thomson of Fleet's feisty father, Roy (1894-1976), liked best—as one critic put it, "A lackluster aggregation of cash boxes."—**Diana Fong**

CHARLES BRONFMAN

Separate But Equal

There has never been much love lost between Canada's Charles Bronfman, 56, and his Americanized brother Edgar, 58. But since their founding father, Samuel, died in 1971, they have tried to keep control of Seagram, the distilling empire, in the family.

Early this year the brothers exercised rights of first refusal, and each bought 258,000 Seagram shares from nephews at $73 a share. In 1985 they cooperatively acquired $95 million worth of Seagram stock from their late sister Minda's estate. Each brother's 17% stake in Seagram has a current market value of more than $931 million, although the market may be undervaluing the shares.

While he helps Edgar run Seagram, Charles minds his own private investment vehicle, Claridge Inc., and his interest in the Montreal Expos baseball team. Claridge has a stake in movie theater chain Cineplex Odeon, a new joint venture with National Bank of Canada in Montreal and other investments.—**Diana Fong**

Brian Willer

Charles Bronfman

Pacific Rim

Japan Real Estate

YOSHIAKI TSUTSUMI

How To Lose A Billion

It's been a less than perfect year for Yoshiaki Tsutsumi. He's still the world's richest man, but the market value of his key stockholding, Seibu Railway, fell from its April 1987 peak of $3.98 billion (Y5,800 a share) to $2.33 billion (Y3,400 a share), wiping $1.65 billion off his paper worth. In the land of the rising market, Seibu has recovered somewhat, but Tsutsumi is still down $650 million.

And now for the good news: A new law gives special tax and financing breaks for the right infrastructure construction—Yoshiaki reportedly has 17 such projects under way. The government also proposes limiting land ownership rights so as to create instant rights-of-way for tunnels for carriers like Seibu, saving his company untold billions.

Tsutsumi's father, Yasujiro, a brilliant real estate and transportation entrepreneur and pyramider, bought land in quantity from Japanese aristocrats forced to sell ancestral land at near-bankruptcy prices right after World War II. Yasujiro died in 1964. He left the bulk to Yoshiaki, the son of one of his many mistresses. Yasujiro's legitimate son, Seiji Tsutsumi *(which see)*, inherited enough property to qualify him for the billionaire list but Yoshiaki got the main assets.

H. Morimoto

Yoshiaki Tsutsumi

Last year Tsutsumi, 54, complained that we overestimated his wealth. Legalistically, he had a point: Some land we thought was owned by his holding company, Kokudo Keikaku, was really owned by Seibu Railway, and so belongs to Tsutsumi only indirectly. Adjusting for that and for the diminished value of the Seibu stock, we revise our estimate of his unarguably owned, visible assets in 1988 to $18.9 billion.—**Hiroko Asami**

TAIKICHIRO MORI

World's Second-Richest Man

Taikichiro Mori, 84, is a man accustomed to looking at the big picture. He was a professor of economics at prestigious Yokohama City University (he still conducts business in a scholar's black robe) until he inherited his father's real estate, at age 50, and decided the rough-and-tumble of commerce was the place for him after all. He now owns 68 buildings, deliberately concentrated in the Minato ward because it is close to government offices. The buildings are worth, net of debt, nearly $18 billion, making Mori the second-richest person in the world.

Robert Wallis/JB Pictures

Taikichiro Mori

Mori's most inspired creation to date is Ark Hills, an office building with condos, hotel and music hall in one development to provide an international financial center for the foreign financial institutions crowding into the city. Mori is undertaking similar projects for Japanese companies because he sees ever more companies transferring their offices close to the government. Mori reckons they will like hybrid office buildings that provide top executives with handy condos, bypassing Tokyo's traffic problems and shortening distances between home and work.

What does Mori, an unusually open Japanese businessman, think of Tokyo real estate? "In the future we should be very careful about the balance of supply and demand, as a new commercial zone is to be built along Tokyo Bay," he told FORBES. When it is being built in the mid-1990s, "Land prices in some inconvenient commercial districts may even fall."

Heretical? No, just commonsensical.—**Hiroko Asami**

KICHINOSUKE SASAKI

Dr. Speculation

New to the list this year, Sasaki, 55, is the only Tokyo real estate billionaire who is also a doctor (of geriatric diseases). He borrowed money to open his clinic immediately after graduation—very un-Japanese—paid off the loan quickly and soon acquired three rental properties as investments. Hooked, he closed the clinic and started a real estate compa-

Robert Wallis/JB Pictures

Kichinosuke Sasaki

ny, Togensha. Since 1982 Togensha has exploded, constructing 40 tall, thin office buildings. Sasaki's equity is at least $2.5 billion, after $1.1 billion in debt.

Sasaki dismisses fears of a sharp drop in commercial land values in Tokyo. "If it happens, the Japanese economy would topple," he says, noting that land is widely held as collateral by the largest institutions. Unlike Taikichiro Mori, Sasaki does not think the Tokyo Bay project will hurt office rentals. "From 1992 another boom is likely to be seen [in downtown Tokyo]," he argues. The speculative doctor is building 8 buildings now and plans 17 more. Unlike other real estate tycoons, he shows no interest in foreign property. Why not? "I cannot expect a reasonable capital gain," he replies.—**Hiroko Asami**

YONEICHI OTANI
Convention Thinking

Yoneichi Otani, president of New Otani Hotel, contends that no new hotel will pay in Tokyo at existing land prices. He's not complaining: Thanks largely to Japan's sky-high land prices, the Otani family hotel and real estate empire is worth some $4.2 billion. But even Otani won't build more hotel space in Tokyo. On his family parcel there, Otani is developing an office building, and after that a residential district, creating a luxury Otani village. To expand in hotels he has turned to Los Angeles and Hawaii and is shopping for another in New York or San Francisco. "We have several offers outstanding; the competition with other Japanese companies for the hotels is embarrassing."

Robert Wallis/JB Pictures

Yoneichi Otani

Like most Japanese hotels in major cities, the New Otani group earns most of its money from banquet service—weddings, corporate anniversaries and other celebrations of milestones in life. Room occupancy of the New Otani hotels is a healthy 70%, yet rooms account for only 30% of revenues, with high-margin banquet business accounting for most of the rest.—**Hiroko Asami**

GENSHIRO KAWAMOTO
The Kawamotomobile (Maybe)

Last year Genshiro Kawamoto figured that Ginza real estate, where he made his $1.3 billion after shutting the family drapery business in 1972, was too expensive. He decided to invest in Hawaii, bought a Rolls-Royce limousine and drove around Oahu looking for houses, sometimes knocking on the doors of surprised owners to make them an offer in his gentle, polite way. Since last August he's paid about $100 million for 170 homes, including the old Kaiser mansion. After a few deals, his Rolls became known around Honolulu as the "Kawamotomobile."

Robert Wallis/JB Pictures

Genshiro Kawamoto

Kawamoto, 56, tells Forbes he doesn't want to be like other Japanese speculators in Hawaii—unsettling the market by flipping properties to yet other Japanese. "I want to hold for the long term," he says, "and rent only to Americans, not Japanese." He also intends to remodel and refurbish his houses, according to his own taste; this, he argues, will improve local property values.

Now Kawamoto is looking homeward again. He figures the government's intervention in Japanese land sales will break a lot of speculators and put good Ginza property back on the market at distress prices. So he tried to bring his Kawamotomobile home to Japan.

"I paid Y20 million [about $154,000] for my car," he sighs, "and the tariff and commodity tax added another Y10 million. But because of inspection at customs, it has been held at the port for a month and a half." Now the authorities want to rip out all the seats in order to test for vibration. That'll cost another Y2 million.

Kawamoto: "Now I understand what foreigners mean by nontariff trade barriers."—**Hiroko Asami**

KIYOFUMI MOROTO
Four Centuries Later

Moroto's home on 1 acre in the exclusive Tokyo area near Shibuya train station is valued upwards of $300 million. He owns and rents out another acre or so nearby, equally valuable. What of reports that government action has forced down Tokyo residential land values by 20% to 30%? That's middle-class land. Values at Shibuya, as in other elite Tokyo neighborhoods, are so far holding up nicely.

Moroto, 76, has a family fortune dating back 400 years to samurai warriors who gave up battle for agriculture. Early this century the government induced his grandfather to switch from farming to forestry. As a result, Moroto today owns a cedar forest. Near Tokyo, the enormously valuable forest will probably become a restful resort development within a few years.

Robert Wallis/JB Pictures

Kiyofumi Moroto

Meanwhile, Moroto lives nicely off his urban acreage and Moroto Towel, one of the largest towelmakers in Japan—a very quiet, very comfortable billionaire.—**Hiroko Asami**

EITARO ITOYAMA

Young, Rich And Ambitious

Billionaire-turned-politician Eitaro Itoyama is a free-trade advocate who also urges that Japan spend more on defense. "Japan should not be on an equal footing with the States," he tells FORBES, "unless she increases her defense budget, lessening the U.S. financial burden of Japan's defense."

As the alienated illegitimate son of a self-made tycoon, Itoyama struggled to make his own mark in business in his youth. He and his father were finally reconciled, and the young man inherited the bulk of his father's huge real estate fortune in 1985. Now he is a member of the Nakasone faction of the dominant Liberal Democratic Party, and chairman of the Lower House foreign affairs committee—and ambitious. "In several years, I will surely join the cabinet," says Itoyama, 46. Later on he says he will use his money to form his own faction. Smart, tough, young and very rich, this is a businessman whose political horizons appear unlimited.—**Hiroko Asami**

Eitaro Itoyama

YOHACHIRO IWASAKI

Take Lots Of Money

In 1979, to the astonishment of the Japanese, the *Queen Elizabeth II* called at the port of Kagoshima. The locals shouldn't have been surprised, though. Kagoshima is Yohachiro Iwasaki's hometown and the location of one of his resorts. Iwasaki had foreseen the commercial value of upgrading his resort center to the international boat-set level and arranged for the *QEII*'s call.

Born poor in 1902, Iwasaki built up a $4.6 billion fortune. He went first into logging, after the Great Earthquake of 1923, then into real estate, then into tourism. Now he is building a 12.5-mile-long seashore complex boasting four hotels, an 18-hole golf course, and so on, north of Brisbane on the east coast of Australia.

Zaikai

Yohachiro Iwasaki

Iwasaki is planning another big resort at the tip of Mexico's Baja California peninsula. There he owns 5,000 acres and has long had a deal with the government to sell him the surrounding 200,000 acres, enough for a decent Iwasaki-size resort. But the deal was with Mexico's former president. Iwasaki may soon discover that Mexican politicians play by a unique set of rules, especially where potentially lucrative resort real estate is concerned.—**Hiroko Asami**

SHIGERU KOBAYASHI

Yield Gap

Ginza "entertainment" after World War II, real estate in the 1950s, Tokyo apartments in the 1960s. The 1973 oil shock almost flattened Kobayashi, but he dusted himself off and plunged into office buildings. A bold man, Kobayashi is building more office buildings, both in Japan and the U.S., even though his borrowing is already immense—estimated at $5.4 billion.

Robert Wallis/JB Pictures

Shigeru Kobayashi

In Japan: another 16 office buildings, a 44% expansion. In the U.S.: 2 new office buildings, in New Jersey and Los Angeles, to go with the nearly $2 billion worth that he has already bought (Los Angeles' Arco Plaza; New York's ABC headquarters; Washington's U.S. News & World Report building). The Los Angeles complex calls for a 75-story skyscraper, a hotel and a community center, all to be done by 1993. Son Takaji Kobayashi does much of the U.S. wheeling and dealing for him.

The Japanese office market in downtown Tokyo is still incredibly tight, with vacancy rates virtually zero. So why buy into the overbuilt U.S. market? Simple: U.S. buildings typically yield 7.5% to 8% initially, and he can borrow the money to buy them in Japan at 6%—in Japan, office buildings yield from 1% to 3%. Kobayashi is worth $3.2 billion at age 61.—**Hiroko Asami**

MASAO NANGAKU

Would A Kannonzo Work In Vegas?

Last year Nangaku made a worldwide splash, buying the Dunes hotel-casino in Las Vegas, a castle in West Germany and a forest on Oahu. He also hit a number of roadblocks. Since he hasn't been licensed as a gambling operator by the state of Nevada, the Dunes casino is shut down. In Germany, where he wants to build a hotel and a golf course at his castle, the government has so far prevented him from developing the site.

Kaku Kurita

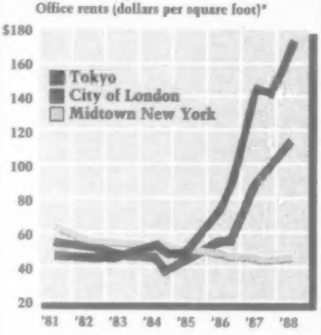
Masao Nangaku

Nangaku can afford to be patient: He is worth $1.2 billion. He built his fortune after the war, from a small radio repair shop into a large electronics business, then made a killing in the 1960s exploiting the bowling craze that swept Japan, and got into hotels and ski resorts in time to ride Japan's fantastic real estate boom.

At age 69, Nangaku has just built a gilded *kannonzo*, a traditional statue of a Buddhist goddess, standing some 80 feet high in a parklike setting in northern Honshu. It is thought to be the first gilded *kannonzo* in a thousand years of such monumental size. Besides earning religious merit, the cost becomes a generous tax writeoff, and the shrine draws a potentially profitable trade to the surrounding concessions.

Maybe his pious act will soften the hard hearts of the West German and Nevada governments.—**Hiroko Asami**

Why Tokyo real estate doesn't go down



* Per annum, excluding charges, rates and taxes.

Source: Richard Ellis World Rental Levels: Offices, *Richard Ellis, Inc.*

At least 18 of the world's billionaires (and untold mere centimillionaires) owe their fortunes to Japanese land-price inflation. Prodded to action by middle-class voters outraged by escalating real estate prices, Japanese politicians declared war last year on property "speculators."

The politicians' weapons: a cumbersome combination of jawboning and price controls.

The government required buyers and sellers to report transaction prices before deals closed and empowered officials to reduce any price out of line with "standard prices" based on sample lots and usually behind the market. Banks were "asked" not to lend to speculators. And the capital gains tax on land sales, already high, was pushed up to 96% on land held for less than two years. This will only serve to keep land off the market.

The results do not speak well for jawboning and price controls. True, some residential property has recently dropped 20% to 30%. And some second-rate commercial land dipped 1% or 2%. But quality residential land is holding its value; there is lots of money around, and Japanese consumers will pay whatever they can for decent housing. And really good Tokyo commercial land continues to rise with rents *(see chart)*.

Even the Japanese, good business people that they are, cannot repeal the law of supply and demand—and tampering with the law will only make things worse.

KITARO WATANABE
Chrysler's Man In Japan

In 1983 the late Kenji Osano, postwar Japan's most potent kingmaker and one of its most influential businessmen, was reportedly frustrated with the sluggish sales of his Chrysler distributorship in Japan. He wanted to cancel the license, but the government feared this would irritate Washington at a delicate time. So Osano sold the distributorship to a younger businessman eager to gain entry into Osano's world. The younger man was Kitaro Watanabe.

Zaikai

Kitaro Watanabe

Chrysler still doesn't sell many cars in Japan, but Watanabe profited greatly from Osano's advice, which was to buy Hawaiian real estate. Investing heavily in the islands, he now owns six hotels there, including Honolulu's Hyatt-Regency. His Hawaiian investments are estimated to be worth nearly $800 million.

Like many of our Asian megarich, Watanabe, new to our list, arrived at affluence by way of severe adversity and tragedy. His family—parents and brothers—was wiped out in the bombing of Tokyo. An 11-year-old orphan in 1945, he was apprenticed by his grandmother to a textile manufacturer. Later he worked in a motorbike shop, which threatened to fold. Watanabe borrowed Y3 million (then worth $8,333, and a great deal of money) and took it over. From motorbikes he moved to used cars, just in time to catch the motorization of Japan, using cash flow from the car business to buy land, often parking lots. This land is the source of his real wealth. Watanabe owns 99,000 square meters in downtown Tokyo, where the cheapest parcels go for around $77,000 a meter. His land is being developed and soon will carry 396,000 square meters of office space. Even with debt estimated at $2.4 billion, Watanabe's land in Tokyo and Hawaii must be worth some $5.2 billion. Incidentally, that's more than Chrysler's market value.—**Hiroko Asami**

HARUHIKO YOSHIMOTO
Be Nice To Bar Girls

Having accumulated several billion dollars, Haruhiko Yoshimoto has taken to writing books on how to make money. Now he has an English version and says he approached a publisher. His formula: Be cheap, save money and invest the savings in real estate. "We don't buy

Robert Wallis/JB Pictures

Haruhiko Yoshimoto

writing pads, which my employees obtain from banks' counters," says Yoshimoto.

The heir of an old Osaka landlord family, after the war Yoshimoto parlayed his key parcel (near the Osaka train station) into what is now a 10,000-square-meter empire. At the planning stage are two hotels—one to be near the New Osaka International Airport—and a marine leisure center to be situated on Shodo Island, on the Inland Sea of Japan.

So what happened with the English-language publisher? Yoshimoto says he wrote in one volume that he has never bought a drink for a bar hostess, and he grouses this ruined the deal. "They claimed that I humiliate hostesses," he grumbles. But he still sells well in Japan. Besides Japanese royalties from his ten books, Yoshimoto, now 64, gives eight lectures a month, at about $3,800 a shot.

But property remains the core of his fortune, now valued at over $7.8 billion.—**Hiroko Asami**

HIDEKI YOKOI

Illiquidity Trap

Yokoi, 75, has most of his billion-dollar-plus fortune (reportedly based on wartime profiteering 50 years ago but now in real estate) tied up in a ruin of his own making—the Hotel New Japan, once a central Tokyo landmark but now a burned-out shell. The 1982 fire killed 33 people. Yokoi had failed to install fire-prevention equipment as required by law. Convicted of accidental homicide and sentenced to three years in prison, he is out on bail pending appeal.

Meanwhile, redevelopment is deadlocked. Yokoi is asking $231,000 per square meter for the 2.15-acre Akasaka site—$1.8 billion for the parcel. Would-be buyers have withdrawn, and he may have defined the ceiling for Tokyo's stratospheric land prices. Meanwhile Yokoi, who owns 90%, reportedly has difficulties buying out the other 10%, which is enough to block reconstruction. Even in Tokyo real estate can be illiquid.—**Hiroko Asami**

Zaikai

Hideki Yokoi

HEIZO KOBAYASHI

Land Lust

One of the reasons Japanese businessmen have been willing to bid land prices into the stratosphere is that history has taught them that land ownership is often the key to survival when things are really bad.

One of 13 children of a hardworking Honshu island silkworm grower, Heizo Kobayashi went to Tokyo, and in 1933, at age 20, opened a charcoal shop (charcoal then being the predominant heating fuel in Tokyo). To keep busy in the summer, he sold ice. Then came the war, and Kobayashi's prospering little business was finished: In 1940 his shop was merged with other ice shops by government order. Kobayashi had bought no land; without hard assets, the merger terms left him with nothing to show for all his work.

Zaikai

Heizo Kobayashi

When the war ended Kobayashi was 32, and had to start all over again. He wholesaled gelatin dessert and opened another ice shop, a pachinko parlor and a commercial fishing pond. This time he bought the land underneath his disparate operations.

Kobayashi got into the restaurant business in 1952, when he hired a small Cessna and dropped 10,000 leaflets on Tokyo reading "The democratization of taste, Restaurant Sanpei." His ultracheap restaurant was an immediate success. Since then Kobayashi has upgraded his early Sanpei outlets into a chain called Restaurant Sunpark.

In 1962 Kobayashi began building a chain of supermarkets, then opened discount shops, then added two hotels in Tokyo. With his war-economy experience still in focus, he kept buying the land he built on.

Today Kobayashi owns some 5,500 square meters in Tokyo's Shinjuku district. This property is worth about $1 billion. In 1973 he became an early Japanese investor in Hawaii; he now owns 9,900 square meters on Oahu, where he is developing office space and condominiums.

Now 75, Kobayashi tends the sprawling garden of his home in an exclusive Tokyo residential area. In it, centuries-old trees are planted; exquisitely bred carp, each one costing $8,000 or more, splash the water of a pond. At one corner of the garden is a valuable decorative stone given him by then Prime Minister Hayato Ikeda, Kobayashi's good friend and rival in gardening. Kobayashi remembers that when he was a boy, his father drummed into him the rule "No work, no pay, no dinner." The son added a line: No land ownership, no permanency.—**Hiroko Asami**

RINJI SHINO

Island Fever

Rinji Shino, 79, is descended from a landowning family dating to the 12th century. He has proved himself a canny buyer since World War II, when the American occupation broke up the vast Shino estate. He undertook to buy it all back, piece by piece, plus any other property he could find—including a vineyard and a small forest outside Paris, and a small, apparently worthless desert island in Japan's Inland Sea.

Rising land values have boosted Shino's estimated net worth from last year's Y300 billion to Y336 billion, about $2.6 billion. Even his small desert island, which he bought in 1960,

Robert Wallis/JB Pictures

Rinji Shino

now enjoys access, thanks to the newly constructed Seto bridge. Shino is apparently keen to capitalize on the bridge by either selling the island or developing it in a joint venture. If he does sell, smiles Shino, "I would surely be listed as [Japan's] biggest taxpayer."—**Hiroko Asami**

SEIJIRO MATSUOKA

Sweet Dreams

Seijiro Matsuoka built one fortune in import-export during World War I and then a greater one buying (and holding) real estate after the Great Earthquake of 1923.

He says he found that real estate is better: "It brings you money in your sleeping." To him this is important, since his formula for longevity involves getting plenty of sleep—as much as 12 hours a day. He also recommends a bowl of ground Japanese white radish in the morning, a nightcap at night and a hobby.

Robert Wallis/JB Pictures

Seijiro Matsuoka

His hobbies are buying real estate and collecting art; on the latter he spent Y1.6 billion (about $12.3 million) over the past year alone. It is getting rare for him to attend auctions in person. His latest purchases were at a Chinese ceramic auction in Hong Kong; his winning bids came by telex. But at age 94, it's hard to blame the formula.—**Hiroko Asami**

KEN HAYASHIBARA

Gaijin Wanted

While he reads and practices karate, Ken Hayashibara's real estate and his Hayashibara Biochemical Laboratory, Inc. keep appreciating. The real estate alone is now worth an estimated $1.4 billion. Hayashibara Biochemical is based on the medical maltose business Ken salvaged from his father's candy business and built after his father died in 1961. Now 46, Ken is moving the company into genetic engineering, and hopes to have his first product, alpha interferon, on the market by the end of the year. Hayashibara is looking hard for foreign talent for more high-tech pharmaceuticals. It's not easy though for such a small company to attract serious Western talent. Only three *gaijin* are aboard, and the company has been looking since 1985.—**Hiroko Asami**

Matsumoto/Sygma

Ken Hayashibara

HIROTOMO TAKEI

From Sexposés To Golf

Glossy sex, sports and screen stars play as well to the masses in Japan as anywhere and have helped create a net worth estimated at $3.3 billion for Hirotomo Takei. The 67-year-old Takei is a journalist who founded *Asahi Geino*, a highly successful weekly magazine. *Asahi Geino*'s editorial policy, says Takei, is devoted to "the three S's, namely sex, sports and screen."

But there is more than soccer and sexposés to Takei's privately owned Chisan Group. Takei also inherited some real estate in the 1950s. From his growing property and publishing base he has bought cookie, fish, meat and other food processing and distribution companies. These tend to throw off steady, if unspectacular, cash flow with which to finance more acquisitions. Takei has also added a moneylending affiliate to Chisan, which he portrays as a nice, friendly conglomerate.

Zaikai

Hirotomo Takei

Takei says he despises hostile takeovers and would never try one himself. This is a very Japanese thing to say, but it doesn't quite square with Takei's reputation. Through its lending affiliate, Chisan recently picked up a 29% interest in Kasho, an important but low-profile import-export firm, from a debtor who had fallen on hard times. Through similar means Takei has taken over at least three troubled food companies in the past two years alone.

Also very Japanese is Takei's love affair with golf and hotels. At last count Takei owned 14 golf courses, 32 hotels, 29 apartment buildings and 13 office buildings spread around Japan.—**Hiroko Asami**

Japan Industry

TADAO YOSHIDA

Robber Baron's Disciple

If you look, chances are you're wearing one of Tadao Yoshida's products. Now 79 and debilitated by a stroke, he founded Yoshida Kogyo K.K., better known as YKK, in 1934 and built the company into the world's dominant zippermaker. He did so in part by following the example of one of America's robber barons. "My father's business philosophy was heavily influenced by Andrew Carnegie's autobiography," says the founder's son and YKK's executive vice president, Tadahiro Yoshida, a Northwestern University M.B.A.

In 1987 YKK accounted for 50% of the world's zipper output, churning out 1.1 million miles of zippers, enough to gird the globe 40 times at the equator. The Yoshida family's 30% stake in the $4 billion (sales) enterprise is worth $2.1 billion.

In the 1960s Tadao Yoshida became one of the first Japanese businessmen to venture overseas. He built a local presence and grew with booming garment industries in Taiwan, Hong Kong and Thailand. Today YKK is one

Tadahiro Yoshida Robert Wallis/JB Pictures

of the most multinational of Japanese corporations, with zipper factories in 40 countries—including a huge automated plant in Georgia. The company reinvests all of its considerable overseas profits in additional growth. So far it has never repatriated profits to Japan, and gives local managers great autonomy.

"Zippers are a fashion component," Tadahiro reminds us. "If a Belgian jeans manufacturer requires a special zipper, our Belgian company will design it for them." The Yoshida family—seven relatives work in YKK—is now diversifying. In the early 1960s the company used its aluminum alloy technology developed for zippers to move into aluminum building materials. Today the company derives 70% of sales from the aluminum building materials business and ranks second in that industry in Japan.

In 1984 YKK bought a 27,000-acre ranch in Brazil to raise coffee, soybeans and cattle. Explains Tadahiro Yoshida: "My father dreamed of owning a farm."—**Andrew Tanzer**

SEIJI TSUTSUMI

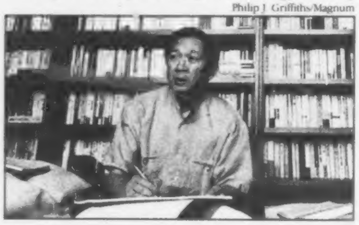
Leftist Makes Good

Seiji Tsutsumi, 61, is a poor billionaire when compared with his brother Yoshiaki Tsutsumi *(which see)*. But, as the chairman of Seibu Saison Group, he heads a retailing empire with 1986 sales estimated at $22 billion. Seibu Saison has lots of debt, but Seiji Tsutsumi's shareholdings in the Group's publicly owned companies and the privately owned Seibu Department Store are worth $1.8 billion.

In 1940 Seiji's father, Yasujiro Tsutsumi, purchased his first department store in Tokyo. Seiji went to elite Tokyo University, where he was a left-wing student activist and an aspiring poet and novelist. (Tsutsumi has published poems and novels.) Those proclivities probably cost him control of the core family holdings, but Seiji did okay. He went to work for Seibu Department Store in 1955 at 28 and assumed control after his father died in 1964—having left most of his real estate, as Seibu Railway, to Yoshiaki.

Perhaps Seiji's days as a leftist taught him what the masses wanted. He built his Seibu into one of Japan's trendiest department store chains. Seiji has also diversified into supermarkets, convenience stores, restaurants, resorts, hotels, travel agencies, consumer credit, real estate development—Seibu Saison Group now has over 100 companies.

Philip J. Griffiths/Magnum



Seiji Tsutsumi

His feuds with Yoshiaki, his richer half-brother, are a perennial topic in the Japanese business and gossip press.—**Hiroko Katayama**

MASATOSHI ITO

Look To Mars

Masatoshi Ito's 131 Ito Yokado supermarkets and 3,311 7-Eleven stores are by far the most profitable among big Japanese retailers. Ito's public companies are now valued at $20 billion. Ito himself is worth over $2.5 billion.

Despite the stores' growth and the cheap dollar, foreign products still account for only about 8% of Ito Yokado's sales. Ito blames this on the foreign suppliers, Americans in particular. "American food producers don't have a mind for business," he complains to Forbes. He leafs through a report on his desk listing U.S. products and their prices in Japan, and pounces on Coca-Cola. When Ito Yokado buys its Coca-Cola through Japanese distributors, Ito must pay 1.4 times the American wholesale price, even after adjusting for transportation and tariffs. Ito wishes Coke and other American suppliers would make more efforts to sell to him directly and cut through the web of Japanese middlemen.

Masatoshi Ito Robert Wallis/JB Pictures

He also wishes American food producers would pay more attention to packaging. "An American company asked me for more sales efforts to increase their sales. But unfortunately, I could hardly guarantee it. Their products are canned goods, and the Japanese in general dislike using can openers."

Ito does give high marks to one U.S. vendor: Mars, Inc. Sales of Mars' M&M's candies have rapidly increased thanks to low price and high quality. Mars, says Ito, shows how much opportunity there is in the Japanese market.—**Hiroko Asami**

AKIKAZU FUJISAWA

Consumer's Best Friend

He's the man who bet his future on forcing a breakthrough against Japan's notoriously inefficient distribution network—and won. Fujisawa, 52, son of a rice farmer, is a high school graduate who moved to Tokyo with his family in 1960.

Fujisawa had the fresh eyes of a newcomer. He foresaw the surge in sales of automobiles, home appliances and cameras in the 1960s and 1970s. He started as a wholesaler of cameras and camera equipment—the product his slender means could stock. For an edge, he dealt strictly in cash, both buying and selling, so he could cut his price. He was an early discounter in a land that frowned on discounting.

Appalled retailers in Japan's comfy, high-priced distribution network

Akikazu Fujisawa

Robert Wallis/JB Pictures

pressured suppliers to boycott him. But the consumers loved him. By 1975 he was able to open his now-famous Yodobashi Camera in front of the busiest Japan National Railway station, in Tokyo's Shinjuku district. He opened more stores, added watches, calculators and hi-fi. And from 1982 video and home appliances, all still bought—somewhere—for cash or short-term deferred payment. Fujisawa bought many of the sites he uses, and that real estate is good for a third of his estimated billion-dollar fortune. Next step? Maybe European-style hypermarkets *(see Bouriez and Ito)*.—**Hiroko Asami**

KANICHIRO ISHIBASHI

He Didn't Flinch

Akira Ieiri, the president of Bridgestone Tire, has been quoted as saying that "only three producers could survive in the global tire market in future."

His boss, Kanichiro Ishibashi, 68, whose father founded Bridgestone, agreed that to become one of the three survivors Bridgestone would have to expand through acquisition. It bid $750 million for 75% of Firestone, then, when Italy's Pirelli topped that bid, raised the ante. Ishibashi (literally "stone bridge") huddled with Bridgestone's professional managers for a week. Then came their unflinching response: a $2.6 billion offer for all of Firestone. Pirelli threw in its hand. Bridgestone had the prize—but at a huge price.

Zaikai

Kanichiro Ishibashi

Firestone's U.S. factories will cost hundreds of millions more to modernize. Bridgestone expects earnings to be depressed for three or four years. But now Bridgestone is the third-largest tiremaker in the world (behind Goodyear and Michelin), with 16% of world volume. Firestone adds a valuable foothold in Europe, as well as U.S. plants to serve the Japanese carmakers setting up here.

The Ishibashi family's 14% stake in Bridgestone was recently worth $880 million.—**Hiroko Asami**

KEIZO SAJI

Foot-In-Mouth Problems

Suntory, Japan's biggest distiller, is staggering. Its whiskey sales have been dropping as much as 4% a year. Last year Britain's Guinness Plc. switched sales agents in Japan. There went I.W. Harper bourbon, Suntory's biggest, most heavily promoted import brand. And its Suntory Old, once the bestselling Japanese whiskey, is reckoned an old-fogey drink by the young generation. A tax on imported liquor that long sheltered Suntory and other Japanese distillers will be reduced next spring. Foreign distillers are likely to gear up for more sales, if possible through their own channels. In the beer wars, rival Asahi has a bestseller in Asahi Super Dry.

Philip J. Griffiths

Keizo Saji

Suntory Chairman Keizo Saji, 68, has been taking his foot out of his mouth. At a February conference on moving Japan's capital from Tokyo to reduce overcrowding, Saji asserted it shouldn't go to Tohoku, the northern region of the main island, because the "cultural level is so low over there." Uproar followed. Saji apologized profusely, but there's a highly publicized boycott against Suntory products in Tohoku.

At current Japanese price/earnings multiples, Suntory would still be worth billions. Privately held, mostly by the Saji family, the company is clearly still very valuable. But it needs to come up with new products and a new image.—**Hiroko Asami**

KUMAGAI FAMILY

The Caretaker

When Santaro Kumagai set up his construction company back in 1938, he took Jinichi Makita, his trusted lieutenant from another company, with him. That Kumagai Gumi is today one of Japan's big six international construction firms owes mainly to Makita. The boss pursued a political career and named his son Tasaburo Kumagai, now 81, president of the company. But Tasaburo, too, had politics in his blood, and wrote poetry in his spare time.

While political clout never hurts a construction firm, business talent is also required. Luckily, Jinichi Makita proved a tough-minded businessman. He organized a top-flight collection of subcontractors, bought into major projects, even set up a factory to produce construction equipment because what he could buy didn't suit him. In 1968 Tasaburo made Makita president in name as well as fact. He retired from the presidency in 1978 so that Tasaburo's son Taichiro Kuma-

Robert Wallis/JB Pictures

Taichiro Kumagai

gai, now 55, could take over. Makita died in November, at age 94, and left behind a construction giant that is building harbor tunnel projects for Hong Kong and Sydney, and the $228 million Broadway Crown Plaza hotel/office complex among numerous other projects in New York and elsewhere.—**Hiroko Asami**

TAKENAKA FAMILY

Meet The Competition

United States firms seeking construction contracts in Japan better take the measure of the Takenaka family's Takenaka Komuten, which imports construction knowhow and sells it to fellow Japanese. The Takenaka name means a lot in Japan; ancestors built the famed and beautiful Nagoya castle. Recently, under their 16th headman, Toichi, 45, the family firm imported American airdome technology to build their locally famous "Big Egg," or Korakuen Stadium. For the winning bid to build a second National Theater—Japan's first opera house—they sent engineers to West Germany's Hanover Institute of Technology. The list goes on.

Takeshi Takahara

Toichi Takenaka

Takenaka Komuten made Y9.8 billion aftertax in 1987, up 26%, on Y811 billion in revenues. That razor-thin 1.2% profit margin is typical in Japanese construction. Just imagine trying to bid against them and stay solvent.—**Hiroko Asami**

KONOSUKE MATSUSHITA

Nonmonetary Asset

The vast consumer electronics empire Matsushita founded continues to prosper, thanks to strong demand in the domestic market and excellent management *(see* Forbes, *July 13, 1987).* Domestic sales for the fiscal year ended March 1988 were Y2.9 trillion, overseas sales about Y2 trillion—a total of nearly $39 billion. Projections for this fiscal year call for a 10% increase in domestic sales against a 1% drop in exports, assuming the dollar averages Y120 per $1. Matsushita will accelerate overseas production this year too; some $4.3 billion worth of products will be manufactured outside Japan, up 24% from last year.

Ethan Hoffman/Archive

Konosuke Matsushita

Matsushita built the company through a brilliant mix of price-cutting, long-range planning, and employee relations designed to make every worker feel responsible for the success of the whole enterprise. At 93, he lives at the Matsushita Hospital, built for the employees. He holds over $2 billion of stock and enjoys the nearly universal veneration of his countrymen.—**Hiroko Asami**

KENKICHI NAKAJIMA

Master Gamesman

Kenkichi Nakajima figures he's doing the world a favor: "To stabilize society, pachinkos contribute much," he says. "They really soothe people's anxiety."

Pachinko, as anyone who has visited Japan knows, is a pinball-like petty gambling game on which an estimated 29 million Japanese of all stripes—salarymen, college students, housewives—spend maybe $80 billion a year. Nakajima is a wicked player and claims he can routinely make $385 in a five-hour sitting.

Robert Wallis/JB Pictures

Kenkichi Nakajima

But that's not how Nakajima, 67, has amassed his billions. That he's done by becoming the predominant manufacturer of pachinko machines. His company, Heiwa Kogyo, has 37% of the market (the rest is split among 15 rivals). Last year Heiwa reported $117 million pretax profits on revenues of $428 million)—an astounding 27% margin. In September Heiwa will go public on Tokyo's over-the-counter market, where it will probably be valued at $3 billion. Nakajima owns 95% of Heiwa.

Nakajima got into pachinko in 1949 by opening a parlor. In 1960 he began making machines for his and other parlors and, within the decade, was dominating the market. Heiwa's 87 engineers develop new machines every two or three months, thus keeping ahead of fickle public tastes while not running afoul of government regulations that require pachinko to be a "skill" game. Research and development amounts to 7% of sales.

Nakajima is a game player par excellence. Aside from pachinko prowess, he took up golf in his 40s and became a scratch player in six months. He used to play go, the traditional Japanese board game roughly equivalent to chess, for up to 63 consecutive hours. Now 67, he's slowed down to being ranked at the top in a private mah-jongg league.

Nakajima wants to export pachinko machines, and he plans an assembly plant in the U.S. He says China's former vice premier, Deng Xiaoping, has approached him. Nakajima promised to send Deng ten machines as a gift. As for how best to play pachinko, the master gamesman advises: "Don't be greedy."—**Hiroko Asami**

YASUO TAKEI

Up From Usury

As a young man Yasuo Takei, 58 and new to our list this year, had a shadowy background. As a young railroad worker he reportedly was shot by local gangsters in a quarrel. Around 1951 he went to Tokyo and worked at a pachinko parlor. Until the government clamped down, he was a black market dealer in rice, the staple of the Japanese diet.

By the early 1960s Japanese consumers were desperate for credit to

Yasuo Takei

Zaikai

buy the consumer durables finally becoming abundant. Banks would not lend without hard collateral like real estate or the life savings of elderly parents.

Thus were created Japan's usurious *sarakin,* who lent money to consumers at rates up to 109.5% per annum and often employed *yakuza* (gangsters) to intimidate slow payers. The intimidation seems to have had its effect: In 1978, a bad economic year, about 180 debtors of *sarakin* committed suicide and 2,203 disappeared.

Takei became a *sarakin* and built a large organization now known as Takefuji. In 1978 the government began clamping down on the *sarakin* by dragging commercial banks into consumer lending. In addition, *sarakin* lending rates were limited to 73% annual interest, soon to be reduced to 40%.

Few *sarakin* could compete, but Takei survived and prospered. He cut the number of his lending offices from 521 to 374 and has installed 221 automatic teller machines. Thus Takei could compete with the banks, and, to add respectability, he hired such august bankers as Yoshio Akiyoshi, formerly a vice minister at the Ministry of Finance.

Takei, the *sarakin* king, has a personal net worth of $1.5 billion, including his private holding company.—**Hiroko Asami**

RYOICHI JINNAI

Once A Marxist, Always. . . ?

This onetime Marxist agitator went on to become what he once preached against: a moneylender. The son of a poor farmer, Jinnai, now 62, got through college and came out a radical. He found a government job at the Ministry of Agriculture, but devoted himself to labor union activity and advocating Marxism. In 1950 he lost his job in a purge of leftists.

To feed himself, he peddled shirts and became a caseworker for a Christian welfare organization. He looked around, it is said, and observed salarymen in the Osaka area where he lived who were spending all their income on drinks and girls. Such people were often desperate for ready cash. Jinnai became a moneylender—at rates that even the most greedy capitalist would consider usurious.

He almost went under in 1984, when the government was clamping down on his version of capitalism, but his supporting banks backed him through his cash emergency and he recovered. Now his Promise is the third-largest *sarakin*.

The equity of Jinnai and his family, given Japanese multiples, is $1.7 billion.—**Hiroko Asami**

HISASHI ISHII

Japan's Bernard Baruch

In his autobiography, Hisashi Ishii, a new Japanese entry this year, wrote of his experience in Tokyo just after World War II: "I felt lost, giving up the long-cherished dream." Ishii's dream had been an "intellectual occupation." Born the fifth son of a poor farmer in Fukuoka Prefecture, he worked from the age of 15 in a local steel mill through World War II. After the war, he opened a *dorayaki* stand (*dorayakis* are inch-thick cakes baked and prepared in front of the customer on the street). He soon saved Y30,000, the equivalent today of $230 but back then a respectable sum, and set out for Tokyo to become a lawyer—the intellectual occupation he dreamed of.

Zaikai

Hisashi Ishii

But postwar Tokyo was so crowded that newcomers were prohibited entry unless they took a needed occupation; Ishii became a policeman, and his dreams of law school vanished as inflation ate away his paltry savings. That's when he changed course and decided on a life of moneymaking.

Quitting the police force, Ishii began buying and selling on Tokyo's rampant black market and soon had some capital. By 1948 he was ready to play the Tokyo Stock Exchange. "I worked hard, I memorized all the daily transactions and the historical data of each stock," he wrote. No doubt his black market trading experience also helped. In any case, he predicted the market crash of March 1949, and sold out on the previous day at a huge profit.

Ishii's market prognostications gained fame. Around 1952 Ishii predicted a big bull market—the Japanese Dow Jones average was at 240 and proceeded nearly to double in the following year. And for 1953 Ishii predicted a crash in February—that selloff is remembered to this day as the Stalin crash because it coincided with the Russian leader's death. In 1957 Hisashi Ishii established his own small brokerage.

Ishii is 65, and the Japanese Dow is around 27,000. For the fiscal year ended September 1987, his brokerage, Tachibana, reported Y6.86 billion of profits ($53 million), and the 81% owned by Ishii and his family is worth around $1.3 billion.—**Hiroko Asami**

MASAHITO OTSUKA

Lucky In War

Japanese businessmen have always been adept at going to the U.S. in search of talent and technology, and Taiho Pharmaceutical, the main company of the Otsuka family's group, is no exception. Otsuka has set up several laboratories overseas, in Canada, West Germany and in Seattle. It generally sends Japanese technicians, say two or three at a time, to run the labs and keep their ears to the ground. Otsuka heavily concentrates on anti-

Robert Walls/JB Pictures

Masahito Otsuka

cancer drugs, which now account for more than half Taiho's sales. Masahito Otsuka's and his family's stock in Taiho Pharmaceutical is worth about $1.7 billion. That puts the clan a long way from hard times after WWII, when Otsuka's young company almost went bust. Fortunately for Otsuka, the Korean War broke out in 1950. The war triggered a boom in the injectable drugs he manufactured, and Otsuka, now 71, was saved in the nick of time.—**Hiroko Asami**

SHOJI UEHARA
Heir Today, Hair Tomorrow

Shoji Uehara, 60, is chairman of Japan's Taisho Pharmaceutical, which sells at a rarefied 76 times earnings, valuing the Ueharas' holding at $1.5 billion. But the family cannot, and probably won't, rest on its laurels. Taisho heavily depends on over-the-counter drugs, an ever changing business that now accounts for 80% of total volume. Lately the Ueharas have won the Japanese rights to Upjohn's much-publicized hair-growing agent, Minoxidil. Taisho hopes to have it on sale in Japan in early 1990. Taisho is also working to gear up the ethical drug side, with a target of tripling sales in this business to $385 million in 1995.

Robert Wallis/JB Pictures

Shoji Uehara

Meanwhile, Shoji is preparing for succession by naming his son-in-law Akira Uehara (who took the family name) Taisho's president. Akira's brother has married a relative of Princess Michiko, the Emperor's daughter-in-law. This association with Japan's royal family, tenuous though it seems to outsiders, has added luster to the money behind the Uehara name.—**Hiroko Asami**

KIYOSHI SAGAWA
Watch Out, Federal Express

Sagawa ran away from a prosperous home at 17 (stepmother problems) and, with two bicycles, started a courier business. The Sagawa Kyubin group long ago spread all over Japan using an incentive system whereby each courier was made responsible for obtaining new orders and collecting money as well as making deliveries, just as Sagawa himself originally was. His several companies today do a couple billion dollars' worth of business a year; his equity must be at least $2 billion.

Kyodo Press

Kiyoshi Sagawa

Sagawa, 66 and presumably happy in his huge (by Japanese standards) home in Kyoto ("Earn enough money so you can afford to waste some," is his motto), is moving into international multimodal transport: plane, train, ship, all taking his business far beyond Japan.—**Hiroko Asami**

Korea

CHON BROTHERS
Identity Crisis?

The Chon brothers—Chon Jin Shik, 56, and Chon Yong Shik, 62—call themselves North Koreans. North Koreans? The brothers, new to our list, were born in Pusan, in the south, and moved with their family to Japan in 1941. At war's end they worked the black market. In 1951 they opened a pachinko parlor in Fuchu city, a conservative town that would seem especially unpromising for Koreans. But the Chons put Japanese employees in the front, and eventually came to own every pachinko parlor in town. In 1958 their Sakura (Cherry Blossom) group opened its first big discount food-and-sundries "superstore." Last year Sakura group sales topped Y56.4 billion ($434 million), profits $21 million. At prevailing multiples in Japan, the group would be worth some $1.3 billion.

The Chons say they have a joint venture with North Korea's Kim Il Sung gang that will soon export 2 million pieces of clothing a year, some to West Germany, Canada, Hong Kong and Japan.

"We are not Communists, but we wish the Korean peninsula to be unified some time in the future," Chon Jin Shik told FORBES. He should be taking his message to the isolationist dictator who runs the shabby country.—**Hiroko Asami**

SHIN KYUK-HO, A.K.A. TAKEO SHIGEMITSU
A Korean Disney

By whichever name, Shin Kyuk-ho (his original Korean name) is probably the only man in the world to become a multibillionaire twice, in two separate countries. His total net worth is over $8 billion.

In Japan, Shin/Shigemitsu's 19-company, $2 billion (1987 sales) Lotte Group includes confectioneries, fast foods, delicatessens, vast real estate—and a pro baseball team. In Korea, his 24-company ($3 billion sales) Lotte Group includes hotels, department stores, confectioneries, fast foods, petrochemicals, aluminum, construction, trading, banking—and a professional baseball team.

Zaikai

Shin Kyuk-ho

Shin, now 65, moved from his native Korea to Tokyo in 1943, an aspiring novelist who studied engineering because it was a draft dodge during the war. "I despised those who made money," he tells FORBES. After the war he began making hair cream and soap. In 1948 he added chewing gum, buying his ingredients on the black market. "I thought the only way to win was to make the best quality." From chewing gum he went on to chocolates.

In 1967 Shigemitsu returned to South Korea and is today counting heavily on his $1 billion Lotte World, scheduled to open for the Olympics. The 20-acre, four-story theme park is covered by one of the world's largest glass domes, and will be surrounded by department stores and hotel towers. The theme park will feature hot air balloons, fiber-optic fireworks, waterfalls and more. Shin expects 500,000 visitors a day to the complex. "Korea is motorizing," he says. "On the weekend families are going out together more. People will remember me by Lotte World."—**Andrew Tanzer**

LEE BYUNG-CHULL FAMILY

In Good Hands

Before he died in November at 77, Lee Byung-Chull, the legendary founder and chairman of Samsung, defied Confucian tradition by appointing his third son to run the highly profitable *chaebol.* Intensely competent, Lee Kun-hee, 46, will nonetheless face formidable hurdles in running the $24 billion group, with affiliates in consumer electronics, retailing, hotels, insurance and other businesses from textiles to food, from shipbuilding and construction to semiconductors, genetic engineering and aerospace.

"I have a dream to build Samsung into a world-class company, a genuine multinational," young Lee told FORBES in March. He added, "If we don't move into more capital- and technology-intensive industries, our very survival might be at stake." The same is true of Korea. As founder Lee said before his death: "Samsung is a social entity. Its rise and decline is directly related to the rise and decline of the state."—**Diana Fong**

H. Edward Kim

Lee Kun-hee

CHUNG JU-YUNG FAMILY

Peace? Or A Lull?

Hyundai's tough little Excel cars continue to dazzle. Excel subcompacts are so cheap that General Motors and Ford sued Hyundai for dumping in Canada; Hyundai won the case in March. In the U.S. sales are expected to top 300,000 this year. Come fall, Hyundai will introduce the Sonata, a midsize front-wheel-drive model that the company sees as the next step in becoming a true world automotive competitor.

H. Edward Kim

Chung Ju-yung

With success comes problems—in this case, labor unrest. Hyundai weathered one wave of nationwide strikes that crippled auto production last year. A second wave began in May, when Hyundai workers demanded a 48% pay raise and rioted when Hyundai executives were charged with kidnapping a union organizer.

Chung Ju-yung, 72, Hyundai's passionately antiunion founder, turned the title of chairman over to younger brother Chung Se-yung, 59, last year. Chung Se-yung, a U.S.-educated internationalist, has said publicly that he is willing to work with unions. But founder Chung Ju-yung is believed still to wield power, and is grooming his sons to take over the company. Labor peace? Or merely a lull in the fighting?—**Diana Fong**

Taiwan

RUMOR MILL

The Taiwan Stock Exchange is exploding. In December 1986 the market index was 1039; in precrash October, 4700. The crash knocked it to 2300, but it's now back near 5000.

"Ninety percent of the trades come from individual investors," explains Blair Pickerell of Jardine Fleming Taiwan. "Most are short-term oriented and react to rumors rather than fundamentals." Pickerell notes that there is plenty of cash around and says that with the rapid appreciation of the NT dollar against the U.S. dollar, there's little incentive to invest outside Taiwan, even though foreign exchange controls have been lifted.

Dangerous? You bet. Of the 140 stocks on the Taiwan Stock Exchange, 15 account for over 50% of the entire market capitalization. The government holds 25% of all listed stock, family and corporate groups, 45%, leaving only 30% to the public. There is very little regulation. It adds up to a very thin market for companies that sell at an average price-earnings ratio of 30.—Diana Fong

HSU FAMILY

Why Quotas Are Dumb

Before Mao Tse-tung's Communists drove Chiang Kai-shek's Nationalists to Taiwan, Y.Z. Hsu, now 76, ran a small knitting factory in Shanghai. Last year the Hsu family's Taiwan-based FET Group (for Far Eastern Textile) earned $200 million aftertax on $1.4 billion in consolidated sales. New to our list, the Hsus are worth at least $1.1 billion.

In 1957 the Hsus began diversifying—into cement production, and

Excellence Magazine Excellence Magazine

Y.Z. Hsu *Douglas Hsu*

then into department stores; theirs is now the island's only chain.

But FET Group's core is still textiles; direct exports amount to 50% of volume. Douglas Hsu, 45, the founder's U.S.-educated eldest son, is president of FET Group. How does Hsu cope with U.S. textile protection? "We sell to 40 countries and don't rely on any one market for exports," and he adds: "Quotas are only numerical, they don't apply to the dollar amounts you can export."—**Diana Fong**

Y.C. WANG

Unrelaxed

Y.C. Wang's built-from-scratch Formosa Plastics Group is the world's largest producer of polyvinyl chloride, the plastic polymer used in everything from pipe fittings, vinyl footwear and textiles to artificial leather. Wang's business is a vertically integrated network of three listed companies involved in every aspect of PVC processing and production. Vast by Taiwanese standards, it is big even by U.S. standards: It earned $695 million pretax on $5.3 billion in sales, up from $379 million pretax in 1986. These gains came despite an appreciated Taiwanese currency that hurts exports, and environmentalist opposition to building an important new naphtha cracker plant (pollution is a big issue in Taiwan—the rivers are filthy, the air foul from hell-for-leather development). Worth around $4 billion and now 71, Wang nevertheless says: "Once one relaxes, he will be left behind."—**Diana Fong**

Ed Kashi

Y.C. Wang

CHANG YUNG-FA

Nonpolluting Diversification

"The chairman likes hotels. He wanted to diversify into nonpolluting businesses," says an Evergreen Group spokesman, explaining why Evergreen founder Chang Yung-fa will soon break ground on a $350 million deluxe resort hotel in Taichung and another hotel in Hong Kong. Other Evergreen real estate includes an office building in New Jersey, another New Jersey site across from New York's World Trade Center, and a commercial development in Hamburg.

Chang Yung-fa Ed Kashi

Still, container shipping accounts for more than 90% of Evergreen Group profits. The company is a hot item on the manic Taiwan Stock Exchange, where the Chang family's 76% or so of Evergreen Marine, the largest and only listed enterprise in his 14-company group, is valued at $1.65 billion. Neither the cheaper dollar, weak ocean freight rates nor a $30 million U.S. fine in March against one Evergreen company for carrying marijuana through the Gulf of Mexico has hurt the company's reputation among Taiwan's investors.—**Diana Fong**

TSAI WAN-LIN

Where Life Is Expensive

Cathay Life Insurance was founded by Tsai Wan-lin in 1962. Tsai has been careful to command the respect of Taiwan's investors, and they have rewarded him. Cathay, the largest family-controlled stock on the Taiwan exchange, has a market cap of $8.[illegible] billion, higher than Bankers Trust or Chase Manhattan. The Tsai family has an estimated 70%, worth $5.6 billion, making Cathay Life one of Taiwan's most thinly traded stocks. That partly explains its enormous price range last year—NT$123 a share to NT$777 through last October. So does the volatility of the banking sector, up 675% over the same period. But at least Cathay's stock price bears some resemblance to the company's fundamentals.

According to a banking analyst in Taipei, Cathay Life Insurance, which has a one-third market share, holds commercial real estate assets for rental and also invests in listed companies. Taiwan's rising tide, in short, is pushing Cathay Life's value—and the Tsai family's net worth—up even faster.—**Diana Fong**

Tsai Wan-lin

Excellence Magazine

Hong Kong

SIR YUE-KONG PAO

Sir Y.K., Please Call Your Office

Billionaire sea lord Sir Y.K. Pao hasn't been seen in public for months now. Friends say he was treated for cancer in the U.S. and has been resting in Hawaii. But rumors of his death spread one day, driving up the price of his listed Wharf Holdings, a property conglomerate, apparently on the grounds that Sir Y.K.'s management has been complacent. Company officials, meanwhile, insist that Sir Y.K., 70, is simply "very busy."

Stuart Franklin/Sygma

Y.K. Pao

There is much to be busy on. Sir Y.K.'s 14.99% of Britain's Standard Chartered Bank is now worth roughly half the sterling he paid for it. He lost a bid to develop the biggest container port terminal in Hong Kong to Li Ka-shing. Even Sir Y.K.'s Dragonair, the Hong Kong airline, principally to China, is mired in a battle with aviation authorities and Swire Group's Cathay Pacific.

What of Pao's World-Wide Shipping? Says Helmut Sohmen, Sir Y.K.'s son-in-law and head of aviation and shipping interests: "It will be a few years before we expect the [ocean freight] market to be a good one." But Pao isn't to be counted out yet. Sohmen values the nearly debt-free 53 ships at $750 million, and Wharf Holdings sits on a pile of cash —**Diana Fong**

LI KA-SHING

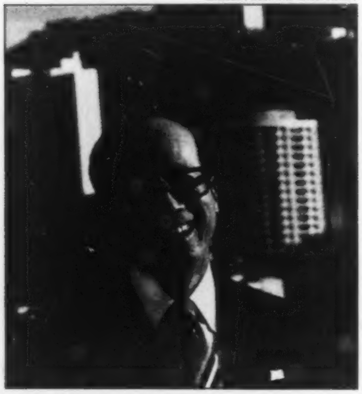
Li's Not Leaving?

Through his Cheung Kong Holdings, Li Ka-shing controls a pyramid of companies that make up over 15% of Hong Kong's stock market capitalization. Li is worth more than $1 billion, but is even more powerful than rich.

Li, 60, has been pyramiding overseas, too. Last year he bought control of Canada's Husky Oil for $418 million, partly through personal investment, partly through Hutchison Whampoa, which he controls. Husky in turn has been buying other companies. This April a Li consortium won the bid to develop Vancouver's 200-acre Expo site.

But don't think Li is leaving Hong Kong for Canada. Last September Li companies acquired 4.9% in the U.K.'s Cable & Wireless, which operates the colony's telephone system. "Hong Kong represents 90% of our activities," says Hutchison Whampoa's Simon Murray. "We've just poured some HK$7 billion [$897 million] into a container port terminal. For every dollar we invest abroad, $3 goes to Hong Kong."

Lincoln Potter/The Stock House



Li Ka-shing

Market? Or firing squad?

Hong Kong's problem is simple to state. No one knows how the communists will treat the colony's capitalists when Beijing takes over the territory in 1997.

The Chinese know how unpredictable events are. Fifty years ago who would have guessed that Mao Tse-tung would conquer and rule in 1949? Or that in 1966 crazed ex-students brandishing red books would bring on the Cultural Revolution and relegate Deng Xiaoping to imprisonment in the countryside? Or that Deng would later return to foment a market revolution?

Now imagine you're a Hong Kong billionaire grappling with the colony's fate after 1997. Will it be the gateway to a billion-customer virgin market? Or the setting for a firing squad?

CHENG YU-TUNG

Smiles To China, Dollars To America

Cheng controls Hong Kong's New World Development, which owns the world-class Regent Hotel. A small-scale jeweler some 30 years ago, he married his way into Chow Tai Fook Jewellery, which is now the largest retailer in town. He also has interests in neighboring Macao. In May, Cheng, Li Ka-shing and Lee Shau-kee sold most of their 12% stake in Hong Kong Land at a nice premium after a showdown with Jardine Matheson taipan Simon Keswick.

What's Cheng's take on Hong Kong's future under the communists? Speaking in his native Cantonese, Cheng predicts great things for the colony, and notes that New World is the largest hotel operator (as opposed to owner) in the People's Republic. "I believe in Hong Kong," said Cheng. Up to a point. He also owns a third of Houston's Allright Auto Parks, the world's largest parking lot operator, and has joined Li Ka-shing and Lee Shau-kee in a plan to develop Vancouver, B.C.'s 200-acre Expo site. He wants more property deals in North America.—**Diana Fong**

KWOK TAK-SENG

Thank God For The Middle Class

Kwok Tak-seng's Sun Hung Kai Properties group has only one-fifth the market capitalization of the conglomerate controlled by Li Ka-shing, Hong Kong's best-known property developer. But size isn't everything, and Kwok has fared far better since the Oct. 19 stock market crash. His secret weapon: Hong Kong's vibrant middle class. "The small to medium residential real estate market, where SHK Properties concentrates, was little affected by the crash," explains Gisa Tse, a Smith New Court Far East analyst. "With low mortgage interest rates [9.5% in Hong Kong] and rising salaries, there's increasing demand to purchase middle-income flats."

South China Morning Post

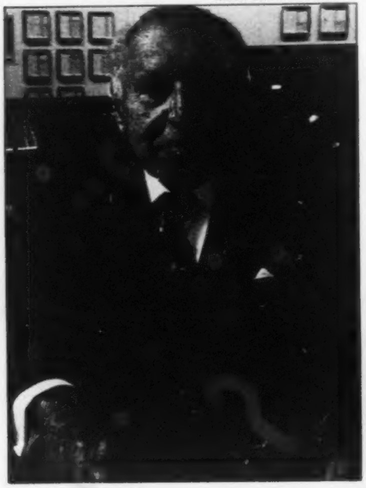
Kwok Tak-seng

Kwok used the crash to bargain-hunt and raised his company's stake in New Town Development, a publicly traded SHK subsidiary, from 72% to 75%. In November Kwok, now 78, and sons Raymond, Walter and Thomas—all British-educated managers in their 30s—also converted their preference shares of SHK to common, another bet on recovery. The Kwoks' stake in the publicly traded parts of the business is now $963 million and rebounding (it was $1.1 billion pre-crash). Privately, they also own at least $110 million of commercial property in San Francisco.—**Diana Fong**

KADOORIE FAMILY

Two Coups For Kadoorie

Talk about timing. Only a few days before Black Monday sent the Heng Seng stock index plunging over one-third, a banking consortium representing the Kadoories—Lord Lawrence, son Michael and Lawrence's brother Horace—sold one-third of family-controlled Hongkong & Shanghai Hotels to public and private investors for $257 million. A few days after Black Monday, the shares were worth $140 million (they're now worth around $217 million). The coup was especially sweet, says Citicorp International's Hong Kong director, Stephen Clark, because the Kadoories themselves were obligated to buy the shares if they couldn't be placed by Oct. 31—at a price of $288 million.



Robert Gale/The Stock House

Lord Kadoorie

Then, a second coup. After the market collapsed, the Kadoories bought in more Hongkong & Shanghai shares, and increased their stake to 35%, lately worth $288 million. As a result, the company is securely back in family control after a raid last summer by Joseph Lau. The family also owns a 30% stake, worth some $784 million, in China Light & Power, which is building a controversial nuclear power plant at Daya Bay in Canton (but that's another story). The Kadoories, says Schroders Asia Securities' Eugene Law, "are becoming more aggressive and expanding overseas; before Joseph Lau came along, they were conservative, complacent."

Not entirely true. Lord Kadoorie, 89, born in Hong Kong, comes from an old Iraqi Jewish merchant family. He keeps a ragged Humpty Dumpty pillow in his office. The pillow is there to remind him how fragile a family fortune can be.—**Diana Fong**

RUN RUN SHAW AND FAMILY

China Mogul

Asked by the *South China Morning Post* what types of films he liked, Sir Run Run Shaw replied: "I particularly like movies that make money." Sir Run Run and his late brother Runme (he died in 1985) made hundreds of films—horror, martial arts and soft porn—and a lot of money. They left Shanghai for Singapore in the early 1920s, established a cinema chain and cranked out silent films. After World War II the brothers dug up S$4.5 million worth of gold and jewelry they'd buried in a vase in their Singapore garden and set up Shaw Brothers studios in Hong Kong, where labor was cheap.

But by the late 1970s the popularity of home videos began to kill the Shaws' theaters, now down from a peak of 300 to 160. But Sir Run Run, seeing Hollywood conquering Asia, acquired lucrative distributorships instead—James Bond, Rambo and Rocky, *Fatal Attraction, The Last Emperor.* He also turned to television. Every day 80% of Hong Kong tunes in to his station, HK-TVB. Early last year Sir Run Run sold 24% of it to Australia's Alan Bond for $180 million. With cronies Li Ka-shing, Cheng Yu-tung and others, he is now investing in a $162 million commercial complex in Singapore. At 81, Sir Run Run is passing the business to sons Vee Meng and Harold and two nephews, all in Singapore. The Shaw family's known interests around Southeast Asia are worth at least $1.1 billion.—**Joyce Quek**

Michael O'Neill

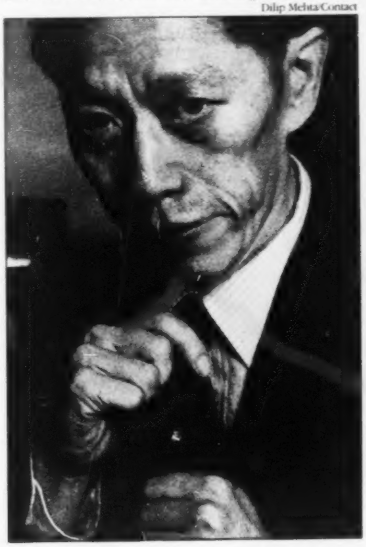
Sir Run Run Shaw

Singapore

LEE FAMILY

The "Rubber Lees" Bounce Back

The value of their 30% stake in the Oversea Chinese Banking Corp. dropped by $200 million in the October crash, but the "rubber Lees" of Singapore, who founded the bank, are still safely in the billionaire class. The bank stock is back to $675 million, and their extensive rubber plantations in Malaysia are easily worth another $500 million, according to a reliable family source. The family has a major stake in Dole pineapple, a result of late family patriarch Lee Kong Chian's business and academic ties to the U.S. during World War II. As major processors of latex, the Lees are also profiting from AIDS, which has multiplied demand for such latex products as disposable surgical gloves and condoms, says Hugh Peyman of Singapore's Merrill Lynch.



Dilip Mehta/Contact

Lee Seng Wee

Family head Lee Seng Wee sits on the bank's board while his two brothers run the rubber, pineapple and palm oil plantations in Malaysia. Since 1983 the bank has been shedding its stodgy image under nonfamily manager Yong Pung How. Recently the bank undercut competitors on home mortgage rates (currently 5¼%) and is moving into stockbroking, insurance and property management.

With 1987 net profits of $64 million, OCBC has not yet regained its one-time leadership of Singapore's Big Four banks, but now even rivals admit it is on the move again.—**Diana Fong**

KWEK FAMILY

Kweks And Queks

Hong Leong means "plenty of prosperity"—an appropriate name for this family's giant property and finance group. When Singapore split from Malaysia in 1965, the Hong Leong group split along two family lines. The Singapore Kweks and Malaysia Queks remain bound together by common interests and heritage.

Straits Times

Kwek Hong Png

Kwek Hong Png, 76, the most dominant of the four founding brothers, runs this wealthy family's Singapore interests with son Kwek Leng Beng. His nephew Quek (the surname was misspelled by a midwife, but the change stuck) Leng Chan heads the Malaysian side.

Patriarch Hong Png emigrated from China's poverty-stricken Fujian Province in 1928, saved up his pennies and went into rubber trading and distribution, but the family always craved land, always buying, never selling. They acquired large parcels for as little as one or two cents per square foot. As Kwek Hong Png says in his recent autobiography "Where there is land, there is wealth, and wealth opens many avenues."

Eight arms of the enterprises in three countries are public companies. The family is apparently less gifted in politics than in business: Singapore's Monetary Authority steadfastly refuses to issue the Kweks a banking license, but they have set up financial institutions in such places as Hong Kong and London.

But property remains the old man's first love. At 76 he is working on his biggest deal ever—using his City Development to build Singapore's new Republic Plaza, which will be the tallest office building in the world outside the U.S.—**Joyce Quek**

Indonesia

LIEM SIOE LIONG

Nothing Lasts Forever

Indonesia's Liem, 72, reputed by some to be the wealthiest Chinese in all Asia, is worth about $2 billion. Inside Indonesia, he owns monopolies in cement, flour and cloves—a boon from his business partner, President Suharto. But Liem has been moving capital abroad, perhaps preparing for the day when his partner no longer rules the country.

Lincoln Potter/The Stock House

Liem Sioe Liong

His Bank of Central Asia, which caters to overseas Chinese clients worldwide, opened its second branch in New York last year. His First Pacific Co.—incorporated in Bermuda and listed in Hong Kong—distributes consumer products, pharmaceuticals and telecommunications equipment in Southeast Asia.

Australia

KERRY PACKER

Deals Wanted, Apply Down Under

The richest man in Australia—and one of the shrewdest—came through the crash relatively unscathed. Packer, 50, who inherited control of Australia's leading magazine publisher, Consolidated Press Holdings, from his father Sir Frank, scored a timing coup in January 1987 selling Consolidated's television network to fellow Australian Alan Bond for $750 million. If he tried to sell the stations today, he would almost certainly take less.

Now he's looking to reinvest some of the loot. This year he paid about $100 million for 4% of London-based Courtaulds Plc., the £2.1 billion (sales) manufacturer of chemicals, industrial products and textiles. Hardly makes a dent in his wallet.

But he won't overpay. He let himself be outbid for Colly Farms, one of Australia's biggest cotton concerns, and turned down several other big deals. It's bargains he wants.

Recently, for example, he dropped a joint bid along with New Zealand magnate Sir Ron Brierley to buy a piece of Robert Holmes à Court's faltering empire. In the U.S. Packer has a partnership with Australian-born, New York-based investment banker James Wolfensohn—to invest in U.S. properties.

ACP/World Press

Kerry Packer

He bides his time, but when he gets into something, it's not halfway. Since September he's bought 150 ponies and built five polo fields at his huge estate 150 miles north of Sydney—to which he travels in a new Sikorsky twin-engined helicopter. Observes a longtime friend, "Not too long ago, Kerry said to me, 'Why not enjoy myself? There's no dress rehearsal; this is it.' "—**Thomas Jaffe**

There are probably more reputed billionaires in the world than there are real ones. Saying that someone is a billionaire is one thing. But proving it is quite another.

A few who failed to make the cut

LAST YEAR we valued the **Alireza family** at more than $1 billion. But, on closer examination, the three branches of the "Arab Rothschilds" are quite separate. No single branch seems to have $1 billion in visible assets; one branch may be having financial problems.

Carlo De Benedetti, wiser from his experience with Société Générale, currently controls visible net assets that still fall short of $1 billion.

Serge Dassault's principal holding, just under 50% of Avions Marcel Dassault-Breguet Aviation, was hit hard by the October crash, and is lately worth under $1 billion.

Michel David-Weill, head of Lazard Frères, has a fortune of at least $700 million. It could be as high as a billion, but that is uncertain.

Fok Ying-tung, a.k.a. **Henry Fok** (rhymes with buck), is the junior partner with Stanley Ho in the Macao casino cartel. Ho is not clearly a billionaire, either.

In the face of Argentina's economic difficulties, **Amalia de Fortabat,** Argentina's cement queen, socialite and art collector, falls short of being a billionaire, with a fortune estimated around $750 million.

Sir James Goldsmith, the Anglo-French financier, certainly has over $1 billion in assets, but the level of debt within his private empire is unclear and possibly large.

Stanley Ho, chief of the Macao casino cartel, owns, with his family, the controlling interest; case not closed.

Robert Holmes à Court, possibly the world's briefest billionaire, saw his highly leveraged fortune cross the $1 billion mark (net) early last September. By the time the dust settled from the October crash, Holmes à Court was worth a fraction of that.

Simon Keswick and family are more influential than wealthy. He owns an equity stake estimated at less than 10% in Jardine Matheson, making him less than a billionaire.

Hong Kong's **Lee Shau-kee** had a billion last year, but his primary property company, Henderson Land, took a big hit in the October crash, reducing the market value of his shares to under $1 billion.

Stavros Niarchos, the Greek shipowner, has liquidated much of his fleet; his assets are doubtless large, but not largely visible. And secretive **Costas Lemos,** said by some to be the richest Greek shipowner of all, proved too clever at hiding his assets for us to include him. This year.

Ronald Li Fook-shiu, former chairman of the Hong Kong stock exchange, who is widely believed to have profited from bribes and insider knowledge during his tenure, is thought by some to be worth $2 billion. Pending the criminal investigation adjourned until August, far less than $1 billion is visible.

Harry Oppenheimer, the South African mining magnate, remains below the $1 billion level, largely because of the depressed South African rand.

The wealth of Egyptian construction magnate **Osman Ahmed Osman** has been estimated at as high as $1.5 billion. But these estimates seem to ignore the fact that the largest enterprise under his wing, giant Arab Contractors Co., was nationalized during the Nasser years and is legally owned by the Egyptian government. Its considerable worth, therefore, cannot be assigned to him.

The **Pesenti family** of Italy, with huge stakes in cement, forest products and steel through holding company Italmobiliare, is believed to be worth following for next year's billionaire edition.

Saudi Arabian entrepreneur **Ghaith Pharaon,** whose wealth last year was estimated at just under $1 billion, has renegotiated $340 million of debt on Redec, his largest Saudi operating company, but he had to give lenders a portion of the company.

Britain's **Gerald Ronson,** founder of construction conglomerate Heron International, who was arrested in the Guinness scandal, is estimated at $800 million. But he's still young.

Thomas Schmidheiny, brother of Stephan Schmidheiny *(see p. 100),* was included as a billionaire last year, but since Swiss stocks are lower since last summer, his portion of the family fortune is now only about $850 million.

India's **Tata family,** who virtually founded Indian industry (India is now the tenth-largest industrial power in the world), long ago placed the bulk of their assets in charitable trusts. Their direct holdings in the immense Tata empire seem to be worth under $1 billion.

Germany's **Thyssen family,** long resident in Argentina, owns about 20% of steel giant Thyssen A.G., a holding once worth $1 billion, but lately valued at under that.

Holland's **Van Beuningen family** is enormously rich, but our documentation is not yet complete enough to include them on the list.

Princeton graduate **Gordon Wu** is reportedly investing $1 billion to construct a superhighway linking Hong Kong and Macao to China, the "New Jersey Turnpike of Asia." But not all of the $1 billion represents his family's equity stake in the highway. ■

RANKING THE FOREIGN BILLIONAIRES

Name/country/*source of wealth*	**Page**
OVER $10 BILLION	
Mori, Taikichiro/Japan/*property development*	132
Tsutsumi, Yoshiaki/Japan/*transportation, hotels, leisure industry*	132
OVER $5 BILLION	
Irving, Kenneth Cole/Canada/*oil distribution, paper, land*	130
Reichmann, Paul, Albert and Ralph/Canada/*real estate*	130
Thomson, Kenneth Roy/Canada/*publishing, retailing*	131
Itoyama, Eitaro/Japan/*leisure industry*	135
Watanabe, Kitaro/Japan/*real estate, hotels*	136
Yoshimoto, Haruhiko/Japan/*real estate*	136
Shin Kyuk-ho (a.k.a. Shigemitsu, Takeo)/Korea/*candy making, hotels, real estate*	147
Areces, Ramon/Spain/*retailing*	94
Tsai Wan-lin/Taiwan/*insurance, construction*	150
OVER $2 BILLION	
Weston, Garry and Galen/Canada/*supermarkets*	131
Escobar Gaviria, Pablo/Colombia/*cocaine*	126
Ochoa family/Colombia/*cocaine*	126
Schlumberger family/France/*oil services*	116
Brenninkmeyer family/Germany/*retailing*	109
Finck, Wilhelm and August von/Germany/*banking, real estate*	110
Flick, Friedrich Karl/Germany/*finance*	110
Haub, Erivan/Germany/*supermarkets*	110
Henkel family/Germany/*consumer products*	109
Mohn, Reinhard/Germany/*publishing*	108
Oetker, Rudolf August and family/Germany/*food, brewing*	109
Von Oppenheim family/Germany/*banking*	111
Quandt family/Germany/*autos, industry*	108
Werhahn family/Germany/*retailing, banking*	111
Liem Sioe Liong/Indonesia/*finance, trade, manufacturing*	160
Agnelli, Giovanni and family/Italy/*autos, investments*	96
Ferruzzi family/Italy/*agricultural conglomerate*	94
Ito, Masatoshi/Japan/*retailing*	142
Iwasaki, Yohachiro/Japan/*logging, property, leisure industry*	135
Kobayashi, Shigeru/Japan/*real estate*	135
Matsuoka, Seijiro/Japan/*real estate*	140
Matsushita, Konosuke/Japan/*electronics*	144
Nakajima, Kenkichi/Japan/*pachinko*	144
Otani, Yoneichi/Japan/*hotels*	133
Sagawa, Kiyoshi/Japan/*delivery service*	147
Saji, Keizo/Japan/*liquor*	143
Sasaki, Kichinosuke/Japan/*real estate*	132
Shino, Rinji/Japan/*real estate, leisure industry*	137
Takei, Hirotomo/Japan/*publishing, real estate*	140
Takenaka family/Japan/*construction*	144
Yoshida, Tadao/Japan/*zipper manufacturing, building materials*	140
Garza Sada family/Mexico/*beer, steel, packaging*	130
Al-Rajhi family/Saudi Arabia/*money changing*	122
Kamprad, Ingvar/Sweden/*furniture retailing*	118
Rausing, Hans and Gad/Sweden/*liquids packaging*	118
Schmidheiny, Stephan/Switzerland/*industry*	100
Wang, Y.C./Taiwan/*plastics*	150
Grosvenor, Gerald Cavendish/U.K./*property*	102
Sainsbury, David/U.K./*supermarkets*	103
Vestey, Samuel and Edmund/U.K./*meatpacking*	103
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Aga Khan IV/*religion, investments*	119
Packer, Kerry/Australia/*media*	160
Swarovski family/Austria/*rhinestones*	111
Kanoo family/Bahrain/*shipping, airline*	125
Camargo, Sebastião/Brazil/*construction, manufacturing*	127
Ermírio de Moraes, Antônio and family/Brazil/*mining, industry*	127
Marinho, Roberto Sr./Brazil/*media*	127
Bronfman, Charles/Canada/*liquor*	131
Rodriguez Gacha, Gonzalo/Colombia/*cocaine*	126
Bettencourt, Liliane/France/*cosmetics*	118
Bouriez family/France/*supermarkets, furs*	114
Peugeot family/France/*autos*	116
Albrecht family/Germany/*supermarkets*	104
Beisheim, Otto/Germany/*electronics retailing*	104
Herz family/Germany/*coffee retailing*	109
Schickedanz family/Germany/*mail order*	110
Thurn und Taxis, Johannes von/Germany/*land, investments*	108
Cheng Yu-tung/Hong Kong/*jewelry, property development*	154
Kadoorie family/Hong Kong/*utilities, hotels*	156
Kwok Tak-seng/Hong Kong/*property development*	154
Li Ka-shing/Hong Kong/*property development, industry*	154
Pao, Sir Yue-kong/Hong Kong/*shipping, property development*	150
Shaw, Sir Run Run and family/Hong Kong/*movie production, cinemas*	156
Birla family/India/*textiles, aluminum, autos*	125
Benetton family/Italy/*clothing*	96
Berlusconi, Silvio/Italy/*construction, broadcasting*	94
Ferrero, Michele/Italy/*candy making*	100
Ligresti, Salvatore/Italy/*insurance, construction*	96
Fujisawa, Akikazu/Japan/*electronics retailing*	142
Hayashibara, Ken/Japan/*pharmaceuticals, biotechnology*	140
Ishibashi, Kanichiro/Japan/*auto tires*	143
Ishii, Hisashi/Japan/*finance*	146
Jinnai, Ryoichi/Japan/*consumer finance*	146
Kawamoto, Genshiro/Japan/*real estate*	133
Kobayashi, Heizo/Japan/*restaurants, supermarkets, hotels*	137
Kumagai family/Japan/*construction*	143
Moroto, Kiyofumi/Japan/*forestry, real estate*	133
Nangaku, Masao/Japan/*property development, electronics retailing*	135
Otsuka, Masahito/Japan/*pharmaceuticals*	146
Takei, Yasuo/Japan/*consumer finance*	144
Tsutsumi, Seiji/Japan/*retailing*	142
Uehara, Shoji/Japan/*pharmaceuticals*	147
Yokoi, Hideki/Japan/*real estate*	137
Chung Ju-yung family/Korea/*heavy industry*	148
Lee Byung-chull family/Korea/*trading, retailing, consumer electronics*	148
Al-Ghanim family/Kuwait/*autos, investments*	124
Al-Kharafi, Mohamed Abdul Mohsin/Kuwait/*banking, construction*	124
Al-Marzook family/Kuwait/*real estate, investments*	124
Hariri, Rafik Bahauddin/Lebanon/*construction, investments*	124
Safra family/Lebanon/*banking*	122
Dreesmann, Anton/Netherlands/*retailing*	114
Fentener van Vlissingen family/Netherlands/*oil & gas, consumer goods*	114
Chon brothers/N. Korea/*supermarkets, pachinko, trading*	147
Al-Sulaiman, Abdul-Aziz A./Saudi Arabia/*cement, hotels, autos*	119
Bin Mahfouz family/Saudi Arabia/*banking*	122
Juffali family/Saudi Arabia/*construction, truck distribution*	122
Olayan, Suliman Saleh/Saudi Arabia/*construction, investments*	122
Kwek family/Singapore/*finance, property*	160
Lee family/Singapore/*rubber trading, banking*	156
Botín family/Spain/*banking*	92
March family/Spain/*banking, real estate*	92
Sacher, Paul and Sacher-Stehlin, Maja/Switzerland/*pharmaceuticals*	102
Thyssen-Bornemisza, Hans Heinrich/Switzerland/*finance*	102
Chang Yung-fa/Taiwan/*shipping*	150
Hsu family/Taiwan/*textiles, cement, department stores*	148
Maxwell, Robert/U.K./*publishing*	102
Moores, Sir John/U.K./*retailing*	103
Swire brothers/U.K./*Far East trading, airline*	104

COMING SOON: The Forbes Four Hundred—the 400 richest people in the U.S. Dated Oct. 24, our seventh annual compilation of U.S. wealth will include biographies of the four dozen or so individual Americans who qualify as billionaires.

Science & Technology

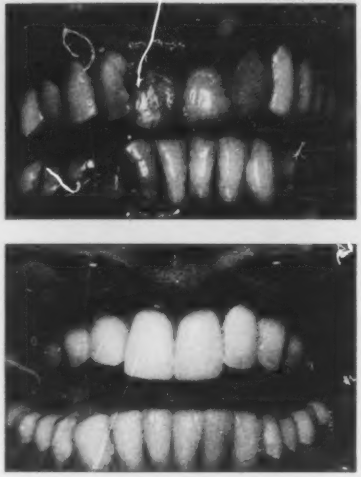
seen its revenues increase about 150%, to more than $20 million annually, since it began shipping veneers worldwide in 1984; local dental labs have also done well.

After the veneers are mailed back to the dentist, the patient returns for a second visit to have them installed. Conventional caps are held in place by glue-like adhesive material. Sometimes metal "posts" are inserted into existing roots as an anchoring device. By contrast, the new veneers use acid-etching and composite resins to create both chemical and physical bonds simultaneously.

To prepare the teeth, the dentist carefully dabs on an ortho-phosphoric acid gel, thereby creating microporosities in the enamel. Similar holes are etched on the underside of the veneer itself using a stronger liquid, hydrofluoric acid. When the veneer is pressed against the tooth, the pores interlock with each other.

The physical bond is further strengthened by painting the teeth with a phosphate-based bonding resin that adheres naturally to dental enamel. The underside of the veneer, in turn, is treated with a composite resin and silane coupling agent. The resin and coupling agent not only bond to porcelain but adhere to the phosphate resins on the teeth.

Dr Larry Rosenthal



These dramatic before-and-after shots show how porcelain veneers can transform ugly teeth into a bright smile.

Once the veneer has been pressed into place, the bond is "cured" using a high-intensity beam of light that is focused on to the surface of each veneer for half a minute or so. "The resulting seal is stronger than the bond between natural enamel and the underlying dentin," according to Dr. Gerald McLaughlin of Rocky Point, N.Y., who holds a patent on one of several methods for making porcelain veneers.

At $300 to $600 per tooth, the new technology is hardly cheap. Moreover, problems can occur if the veneer is placed under the gum line, creating infection-prone irritations at root level. Inexperienced dentists can also accidentally remove too much tooth enamel in the preparation process. Many dentists have been learning the procedure on the job.

Yet dentists who know what they're doing have nothing but praise for the new technology. Dr. John Calamia of New York University has placed more than 600 veneers since 1983. "These restored teeth are strong enough to use as you would your natural teeth," he says.

Dr. Larry Rosenthal, who heads the New York Group for Aesthetic and Restorative Dentistry, has done over 3,000 veneers since 1982 with "almost no failure." He tells his patients they can expect up to ten years out of the veneers. As for what you can eat, Rosenthal says, "Go for it."

It's here, it's now

Factory automation has long been a key part of business investment in Japan, particularly in microelectronics. But it has lagged in the U.S. Now, quietly and without much notice, the long-delayed "factory of the future" has finally begun to make its appearance here. Items:

- Motorola, Inc. is now upgrading an already partially automated plant that produces cellular telephones in Arlington Heights, Ill. Motorola's conventional, nonautomated manufacturing plants require at least 300 to 400 workers to produce 1,000 units per week. But the Arlington Heights plant is already producing 3,700 units weekly with only 70 employees.
- Nabisco Brands is set to begin construction this August of a $600 million bakery in Garner, N.C. that will produce Oreo cookies—among other products—untouched by human hands. "Bakers" in this new facility will not wear white gowns and chefs' hats, but will sit in front of computer monitors overseeing ingredient mixes and production rates. The result will be better uniformity of product and reduced breakage compared with Nabisco's existing plants, the newest of which was opened back in 1973.

Where the money goes

Japan has long been a leader in factory automation. But as these industrial sectors reveal, U.S. investment is now growing rapidly across the board as well.

Industry	U.S. expenditures on factory automation 1983 (mil)	1987 (mil)	1992 (mil)
Aerospace	$996	$1,241	$1,495
Automotive	3,386	5,739	7,722
Machinery	1,394	2,171	3,487
Electronics	1,295	2,171	4,982
Other manufacturing	598	931	2,242
Food & beverage	299	465	747
Chemical & petroleum	1,195	1,551	2,242
Other process industries	797	1,241	1,993
Total ($billions)	9.96	15.51	24.91

Source: Dataquest, Inc.

- General Motors has completed renovation and construction on an almost totally automated assembly and finishing plant in Doraville, Ga. that does everything from painting car bodies to installing and testing dashboard instruments. The new plant has robots that are equipped with vision systems to prepare metal joints, and electric robots that paint the cars completely. Conventional conveyor belt assembly systems prevent cars found with defects from being taken out of sequence, but the new plant uses a modular arrangement that permits a car to be routed again and again through the process until any problems have been corrected.

After years of stagnation, capital spending by manufacturers has finally rebounded, and a growing component in that spending is for factory automation. Since 1983 spending on automation has nearly doubled, to more than $17 billion for 1988. Where's the money going? Into everything from robots to whole computer-managed facilities built from the ground up.

Take the sheet metal plant that Boeing Co. is having built in Auburn, Wash. When fully operational in 1991, the plant, designed around a computerized system of self-steered vehicles, conveyor belts, monorails and bridge cranes, will cut the time required to make sheet metal parts from 40 days to four.

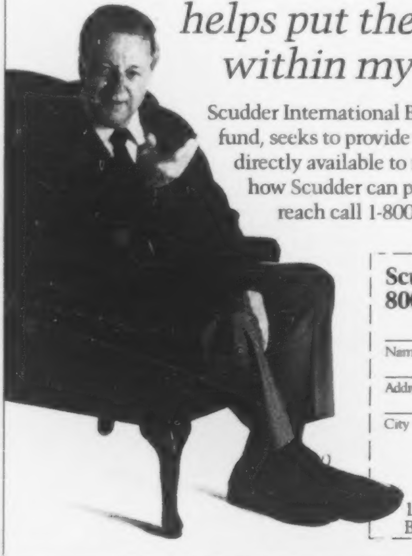
Nabisco Brands' Garner, N.C. bakery will automate every aspect of cookie production from order entry to final packaging and shipment and everything in between. Not enough flour in the Oreo wafers? A computer will then send a message to add more flour to the batter or to increase the baking time.

Suppliers of such products as industrial robots (GMF Robotics Corp.), computerized machine tools (Cincinnati Milacron) and computerized industrial design equipment (IBM) are benefiting from the boom in factory automation. So, too, are a number of engineering consulting companies including Combustion Engineering, Fluor Corp. and Bechtel.

Until recently these firms had been suffering from the decline in demand for Third World megaprojects like hydroelectric plants and petrochemical complexes. The automation of the American factory is giving them a new lease on life. Thus, the Austin Co., headquartered in Cleveland, a National Gypsum subsidiary involved in design and engineering work, expects contracts on highly automated "factories of the future" to account for 30% of its business by 1990, up from 15% in 1984.

Some of the problems that are dealt with by these firms are complex, demanding creation of whole new products. Austin teamed with Kalman Floor Co., for example, to create the Floor Crab, a self-propelled electronic device that measures the surface of industrial floors. "Floor flatness is pretty mundane until you have an automated storage and retrieval system that's 60 feet tall," says William Welter, a vice president of Austin's consulting arm. Welter points out that a seemingly minuscule, ¼-inch variation in the height of the floor can make the upper reaches of a moving, 60-foot-tall storage and retrieval crane whip around like a wheat shaft in the wind.

—Ruth Simon with Neal Santelmann



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The Forbes Foreign Rankings

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THE 100 CHEAPEST FOREIGN STOCKS

FOR INVESTORS who believe the U.S. stock markets hold no monopoly on inefficiency, we present Forbes' third annual listing of the 100 Cheapest Foreign Stocks. We have again compiled our list with the help of Mark Sladkus and his staff at Morgan Stanley Capital International Perspective. MSCIP currently follows 1,720 foreign and 480 U.S. companies. These 2,200 stocks are traded on 20 exchanges and have a market value of $6.3 trillion—about 80% of the aggregate market capitalization of those exchanges. (The market capitalization of all U.S. stocks as measured by the Wilshire index is $2.7 trillion.)

To make this year's cheap stock list, a company's latest 12-month P/E had to be no more than 75% of the P/E for the national index. And only shares selling at less than 1.5 times the national average price-to-book ratio were selected. We eliminated stocks with market values under $100 million. All figures have been converted to U.S. dollars at exchange rates on May 31. (Unless otherwise noted, the earnings and sales figures in this table come from Morgan Stanley Capital International. Because of differences in accounting standards, the same companies listed elsewhere in this issue may show different values. This is one of the challenges of international investing.) We have added earnings estimates for most companies, courtesy of New York brokerage Lynch, Jones & Ryan and its Institutional Brokers Estimate System international database.

The result is a smorgasbord ranging from Telefónica, Spain's largest phone company, to Korn-Og Foderstofkomp, a wholesale trade company based in Denmark. Both sell below book value and are expected to show higher earnings. The cheapest stock, with a P/E of 2, is Chase Corp., a New Zealand property developer that was clobbered in the October crash and still sells at 30% of book value and yields 15.1%. Chase has reported increased earnings and paid higher dividends for the last four years.

How did our list last year of cheap foreign stocks do? Not too badly, thank you. The biggest loser, down 51% in dollar terms, was Harmony, a South African gold and uranium miner. It appears again on the list below. The biggest winner, up 138%, was Hattori Seiko, Japan's watchmaker, now too expensive to make this year's list.

A portfolio holding each of last year's cheapest stocks was up 20% in dollar terms. The MSCIP World Index of 1,400 stocks dropped 2.6%, and the Dow industrials fell 11.4%. Maybe we're on to something here.

Company/industry	Country	Recent price	Earnings per share		P/E	Yield	Price/ book	Sales (mil)	Market value (mil)
			1987	1988 est†					
Chase/real estate	New Zealand	$0.58	$0.29	$0.21	2.0	15.1%	0.3	NA	$175
Buffelsfontein/gold	South Africa	18.18	11.38	1.86	2.0	15.4	0.4	$258	200
EquitiCorp/multicompany	New Zealand	0.53	0.21	0.18	2.2	10.4	0.6	NA	198
Christiania Kreditkassen/banking	Norway	17.13	3.72	8.24	2.3	—	0.7	NA	225
Free State Cons (Steyn)/gold	South Africa	9.20	3.36	1.03	2.9	13.3	0.6	1,292	1,069
Credito Fondiario/banking	Italy	1.68	0.55	NA	3.1	8.4	0.4	NA	126
Carter Holt Harvey/multicompany	New Zealand	0.99	0.21	0.19	3.2	8.5	0.6	917	325
Bergen Bank/banking	Norway	19.69	5.02	7.55	3.3	11.4	0.6	NA	251
Libanon/gold	South Africa	2.76	0.74	0.27	3.8	13.7	0.8	110	110
IFI Priv/multicompany	Italy	11.15	2.86	2.57	3.9	1.5	0.8	NA	1,377
Aker Norcem/building materials	Norway	6.88	1.75	1.79	3.9	5.6	1.3	2,084	302
David Jones/retailing	Australia	7.35	1.66	0.94	4.4	3.9	1.0	837	803
PWA/airline	Canada	15.17	2.04	2.14	4.5	—	0.9	1,514	279
General Mining Union/gold	South Africa	16.57	3.54	NA	4.7	6.7	1.0	NA	1,370
Blyvooruitzicht/gold	South Africa	5.04	1.26	0.54	4.7	14.6	1.0	164	121
Harmony/gold	South Africa	7.13	3.22	0.70	4.8	13.5	0.5	386	192
Banque Natl Belgique/banking	Belgium	968.21	202.05	60.82	4.8	7.3	0.8	NA	387
Interbanca Priv/banking	Italy	6.95	1.67e	1.78	4.9	9.0	0.5	NA	111
Credito Italiano Ord/banking	Italy	0.80	0.12e	0.15	5.0	7.4	0.6	NA	1,274
Randfontein Estates/gold	South Africa	83.52	24.61	4.61	5.1	7.0	0.8	342	511

†Estimate provided by Institutional Brokers Estimate System (IBES), a division of Lynch, Jones & Ryan. ‡Source: Forbes. e: Estimate provided by IBES. NA: Not available.

Source: Morgan Stanley Capital International Perspective

[redacted]

Company/industry	Country	Recent price	Earnings per share 1987	Earnings per share 1988 est†	P/E	Yield	Price/ book	Sales (mil)	Market value (mil)
Pagurian A/financial services	Canada	$7.38	$1.46	$1.58	5.1	6.6%	1.2	NA	$372
Banco Lariano/banking	Italy	1.72	0.34	NA	5.1	9.1	0.8	NA	431
Gold Mines of Kalgoorlie/gold	Australia	1.17	0.23	0.06	5.3	19.3	0.7	NA	196
Saga Petroleum/energy	Norway	14.57	2.74	1.39	5.3	—	1.4	$140	388
Bond Corp/multicompany	Australia	1.67	0.20	0.28	5.4	5.3	1.3	2,002	707
Banca Commerciale/banking	Italy	1.53	NA	NA	5.7	10.8	0.5	NA	320
Bank of Nova Scotia/banking	Canada	10.11	1.76	2.18	5.7	6.1	1.0	4,781‡	1,828
KLM/airline	Netherlands	17.64	3.06	3.08	5.7	4.7	0.7	2,780	931
Breda (Finanziara E)/aerospace	Italy	3.09	0.58e	0.65	5.8	5.7	1.0	793§	145
Crédit Lyonnais/banking	France	87.07	14.59	15.57	6.0	5.6	0.8	15,203‡	515
National Bank of Canada/banking	Canada	7.48	1.50	1.69	6.0	6.9	0.7	NA	811
Ned Middenstandsbank/banking	Netherlands	76.91	12.56	11.15	6.1	6.1	0.6	NA	700
Volvo B Fria/automobile	Sweden	57.05	9.67	NA	6.3	3.1	1.3	15,476	1,358
Adelaide Steamship/multicompany	Australia	5.47	0.91	0.78	6.3	5.3	1.2	380	242
De Beers/misc materials	South Africa	11.28	1.76	NA	6.4	4.4	1.1	783	4,286
Orange Free State/gold	South Africa	20.71	3.60	NA	6.5	15.5	0.6	NA	466
Locafrance/financial services	France	67.45	8.34	9.31	6.5	8.0	0.8	NA	146
Internatio-Muller/trading company	Netherlands	26.43	4.03	4.50	6.6	5.5	0.6	1,262	125
Hollandsche Beton/construction	Netherlands	62.48	9.48	9.72	6.6	6.1	0.5	1,458	172
Royal Bank of Canada/banking	Canada	23.26	3.26	3.78	6.7	7.2	1.0	7,100‡	3,012
Volkswagen/automobile	Germany	145.54	20.02‡	20.17	6.8	6.2	0.8	30,397§	4,348
CIBA-GEIGY/chemicals	Switzerland	972.56	142.46	152.47	6.8	2.7	0.5	10,955	3,416
Bridge Oil/energy	Australia	0.76	0.11	0.10	6.8	—	1.2	43	119
Berliner Kraft & Licht/utility	Germany	73.87	6.95	NA	6.9	7.3	1.0	1,400	827
Suez (Cie Financière)/banking	France	44.22	5.47	5.32	6.9	3.5	NA	9,064‡	2,810
SIP Ord/telecommunications	Italy	1.58	0.17	0.19	7.0	6.9	0.3	9,497	2,750
Saab-Scania A Fria/machinery	Sweden	35.80	5.07	7.15	7.1	3.2	1.5	6,927	540
Sovac-Credit Mobilier/finl services	France	123.72	17.85e	18.70	7.1	5.2	1.0	NA	495
STET Ord/telecommunications	Italy	2.22	0.27	0.31	7.1	6.3	0.6	11,260§	2,793
Rolls-Royce/aerospace	UK	2.21	0.31	0.35	7.2	5.9	1.2	3,792	1,776
News Corp/broadcasting & pub	Australia	9.25	1.01	1.15	7.3	0.7	0.9	4,277	2,495
Saint-Gobain/misc materials	France	79.17	10.75	NA	7.3	3.4	1.2	13,231	3,496
Société Natl Elf Aquitaine/energy	France	53.17	7.22	6.50	7.4	7.3	0.6	21,851	5,194
Industrial Equity/multicompany	Australia	1.50	0.25	0.18	7.4	5.4	1.1	1,270	1,184
Meta (Iniziativa)/multicompany	Italy	2.58	0.35	NA	7.4	8.2	0.5	2,420	1,281
Dominion Textile/textiles, apparel	Canada	13.45	1.20	1.76	7.5	3.6	0.9	844	301
T&N/industrial equipment	UK	3.15	0.37	0.48	7.6	6.8	1.1	1,770	812
J Rothschild Holdings/multicompany	UK	2.91	0.37	0.40	7.6	5.2	0.9	NA	949
Rhône Poulenc/trading	France	64.36	8.40	9.70	7.7	5.9	1.2	9,663	3,112
Elders IXL/trading company	Australia	2.51	0.30	0.32	7.7	6.3	1.1	8,489	3,519

†Estimate provided by Institutional Brokers Estimate System (IBES), a division of Lynch, Jones & Ryan. ‡Source: FORBES. §1986 result. e: Estimate provided by IBES. NA: Not available.

Source: Morgan Stanley Capital International Perspective.

The 100 cheapest foreign stocks

Company/industry	Country	Recent price	Earnings per share 1987	Earnings per share 1988 est†	P/E	Yield	Price/ book	Sales (mil)	Market value (mil)
Hang Lung Development/real estate	Hong Kong	$0.64	$0.07	$0.08	7.7	5.4%	1.3	NA	$732
Dyno/chemicals	Norway	11.05	1.42	1.80	7.8	4.6	1.2	$698	206
Saatchi & Saatchi/advertising	UK	6.76	0.82	0.89	7.8	5.7	9.7	7,282	1,054
ANZ Group Holdings/banking	Australia	3.94	0.44	0.53	7.8	4.8	1.1	6,519§	2,761
Lucas Inds/industrial equipment	UK	9.53	1.14	1.26	7.8	5.1	1.3	3,077	1,715
Allied Irish Bank/banking	UK	4.27	0.48	0.50	7.9	6.0	1.1	NA	912
Pilkington/misc materials	UK	3.57	0.45	0.48	8.0	5.3	1.3	3,873	2,687
Beazer/construction	UK	3.07	0.31	0.42	8.0	4.7	1.2	1,902	852
Eridania Ord/food processing	Italy	2.54	0.59	0.83	8.1	5.2	1.0	2,423§	430
Domtar/paper & forest prods	Canada	10.72	1.40	1.54	8.1	3.8	1.1	2,078	923
Bank of Scotland/banking	UK	9.85	1.06	1.23	8.2	4.7	1.0	NA	1,227
Italmobiliare/multicompany	Italy	71.99	8.65	8.72	8.3	0.6	0.9	NA	490
Royal Bank of Scotland/banking	UK	6.17	0.83	1.14	8.4	5.4	0.9	2,896‡	1,769
National Australia Bank/banking	Australia	4.99	0.44	0.50	8.4	4.4	1.3	4,109‡	2,961
Den Danske Bank Af 1871/banking	Denmark	52.82	6.10	6.46	8.6	4.6	0.7	NA	963
Bekaert/industrial equipment	Belgium	270.91	34.14	34.55	8.6	4.5	1.3	1,150	608
Union Bank C Free/banking	Finland	8.52	0.99	0.98	8.6	4.0	1.2	NA	2,412
Andelsbanken/banking	Denmark	51.61	5.95	5.03	8.7	4.4	0.8	NA	342
Banque Bruxelles Lambert/banking	Belgium	73.26	8.38	9.84	8.7	8.2	1.1	3,903§	879
Rio Algom/misc materials	Canada	16.58	1.72	2.00	8.7	3.2	1.2	1,240	725
Canadian Imperial Bank/banking	Canada	17.09	1.96	2.75	8.7	5.5	0.9	5,994‡	2,754
Blue Circle Inds/building materials	UK	7.64	0.87	0.96	8.7	4.9	1.2	1,971	1,985
Power Corp of Canada/multicompany	Canada	10.11	1.12	1.29	8.7	4.8	1.0	NA	1,159
Coal & Allied Inds/energy	Australia	3.54	0.40	0.15	8.8	4.5	0.8	391	112
Novo Industri/health care	Denmark	28.36	2.86	2.99	9.2	2.2	0.9	749	723
Enso-Gutzeit A Free/paper & forest prods	Finland	9.70	1.23	1.60	9.5	2.5	1.2	1,751§	1,103
Kansallis-Osake/banking	Finland	13.38	1.39	1.52	9.6	4.4	1.1	NA	1,940
Danske Sukkerfabrikker/food proc	Denmark	56.25	5.49	4.22	10.3	3.4	1.0	1,054	381
Union Electrica-Fenosa/utility	Spain	0.81	0.06e	0.07	10.5	7.8	0.4	1,553§	1,014
United Paper Ord/paper & forest prods	Finland	39.78	3.73	4.67	10.7	1.5	1.2	1,280	1,144
Baltica Holding/insurance	Denmark	76.23	8.15	7.35	11.0	1.4	0.7	NA	485
Korn-Og Foderstofkomp/trading company	Denmark	221.05	19.21	22.48	11.5	1.7	0.9	928	179
Telefónica/telecommunications	Spain	1.55	0.11	0.15	12.1	6.2	0.7	4,748	6,456
Iberduero/utility	Spain	1.17	0.10	0.10	12.8	6.4	0.5	1,790§	2,498
United Overseas Bank/banking	Singapore	2.26	0.16	0.17	13.9	2.3	1.3	NA	956
Fuji Heavy Industries/automobile	Japan	5.34	0.34	0.13	15.9	1.2	1.5	5,822	2,170
Cycle & Carriage/automobile	Singapore	1.24	0.06	0.07	17.6	2.4	1.1	113	155
Hokuriku Electric Power/utility	Japan	17.99	0.83	0.66	21.6	2.2	0.8	2,831	3,615
Hitachi Maxell/recreation	Japan	17.19	0.78	0.64	21.9	0.8	1.5	1,415	1,700
Nissan Motor/automobile	Japan	7.32	0.07	0.16	32.6	1.5	1.5	34,170	16,836

†Estimate provided by Institutional Brokers Estimate System (IBES), a division of Lynch, Jones & Ryan. ‡Source: Forbes. §1986 result. e: Estimate provided by IBES. NA: Not available.

Source: Morgan Stanley Capital International Perspective.

The 500 LARGEST FOREIGN COMPANIES

The world of international business continued expanding last year. The total revenues of the international Forbes 500 rose $890 billion, or 24%, to a record $4.5 trillion.

Yes, the weak U.S. dollar accounted for a substantial part of the handsome gain, but by no means all of it. Around most of the industrial West, business was good. Politics was, by and large, stable. Managers worked at improving quality and reducing cost. Although revenues climbed, the aggregate number of employees actually declined, from 24.1 million in 1986 to 24 million last year. Several large employers fell off the list and were replaced by firms with fewer workers and more revenues.

The Japanese muscled their way onto this year's list in a major way. In all, 14 of the 25 largest companies were Japanese, including the top 5. This reflects the strong yen. But it also reflects these companies' worldwide scope, and the fact that many of their biggest operations are concentrated in the rapidly growing Far East.

The 25 largest companies outside the U.S.

Rank	Company/country	Industry	Revenue (mil)
1	**Mitsubishi Corp**/Japan	trading	$96,606
2	**C Itoh & Co Ltd**/Japan	trading	92,356
3	**Mitsui & Co Ltd**/Japan	trading	88,640
4	**Marubeni Corp**/Japan	trading	82,871
5	**Sumitomo Corp**/Japan	trading	81,709
6	**Royal Dutch/Shell Group**/Netherlands/UK	oil and gas	78,306
7	**Nissho Iwai Corp**/Japan	trading	75,441
8	**British Petroleum Co Plc**/UK	oil and gas	45,198
9	**Toyota Motor Corp**/Japan	automotive	43,637
10	**IRI Group**/Italy	multicompany	41,287
11	**Nippon Telegraph & Telephone Corp**/Japan	communications	40,926
12	**Nippon Life Insurance Co**/Japan	insurance	37,704
13	**Daimler-Benz Group**/Germany	automotive	37,541
14	**Hitachi Ltd**/Japan	multicompany	35,961
15	**Matsushita Electric Industrial Co**/Japan	consumer electronics	34,833
16	**Nissan Motor Co Ltd**/Japan	automotive	30,675
17	**Volkswagen Group**/Germany	automotive	30,397
18	**Fiat Group**/Italy	automotive	29,655
19	**Deutsche Bundespost**/Germany	communications	28,959
20	**Toyo Menka Kaisha Ltd**/Japan	trading	27,631
21	**Siemens Group**/Germany	electrical equipment	27,461
22	**Unilever**/Netherlands/UK	food processing	27,124
23	**PTT-Postes et Télécommunications**/France	communications	26,037
24	**Philips Group**/Netherlands	electrical equipment	26,023
25	**Toshiba Corp**/Japan	multicompany	25,822

Mitsubishi Corp., the giant Japanese trading company, with total sales of $96.6 billion, is the top-ranked foreign firm this year. It posted a 22% increase in dollar-denominated revenue. Even when measured in yen, however, Mitsubishi's sales rose 5%, an impressive showing. (For exchange rates FORBES uses a 12-month average rate as of a company's fiscal year-end date.)

Ten Japanese companies climbed into the ranks of the world's largest firms, helping to displace U.K., French, Canadian and German companies in the process. Including the net gain of these ten firms, sales of the 154 Japanese companies among the International Forbes 500 rose $431 billion, or 31%, to $1.81 trillion.

Continuing weakness in oil prices explains some of the shifting positions in this year's list. Sixth-ranked Royal Dutch/Shell Group, with revenues of $78.3 billion and the biggest nontrading firm, was fifth-ranked last year. McDermott International sold assets and discontinued operations, and reported revenues down nearly 30%. Kuwait Petroleum was hurt by both limp oil prices and the Persian Gulf conflict. It slipped in rank from 50 to 113.

When you look at a list like this, the fact that the U.S. economy is shrinking in relation to other economies comes into particularly sharp focus. Compare, for example, the 500 largest U.S. companies with the 500 largest foreign companies. The combined revenues of the foreign 500 are nearly 61% higher than the $2.8 trillion for the Forbes Sales 500 *(Apr. 25, 1988)*.

Or look at individual companies. A list of the world's largest companies would show General Motors, with revenues of $101.8 billion, ahead of Mitsubishi Corp. But $76.4 billion (revenues) Exxon, which places second among U.S. companies, would place eighth on a combined world list. The only other U.S. company to qualify within the top ten would be Ford Motor, in tenth place.

Our table below includes market value. Here again the Japanese dazzle. They have to. Not only is their currency strong, but their stock market sells at the highest price/earnings multiple in the world: 52.7 times.

So it is that Nippon Telegraph & Telephone, with a market capitalization of $277.6 billion (which includes Japanese government-held shares), has by far the world's largest market value. At year-end 1987 stock prices, IBM's capitalization is only $69 billion by comparison. Among foreign companies, Toyota has the 11th-largest market capitalization, $39.7 billion. Its net income of $1.7 billion on $43.6 billion in sales gives Toyota a year-end price/earnings ratio of 23.3. By contrast, Ford Motor's revenues are $73.1 billion, and its market capitalization is only $18.6 billion, 53% lower than Toyota's. Yet Ford, which had a P/E of 4, earned $4.6 billion in 1987, or 170% more than Toyota. Safe conclusion: Either Japanese stocks are overpriced, or American stocks are underpriced.

Other Asian nations are creeping up. The Koreans are leaping up. Korea's rapidly growing Hyundai Motor, with revenues of almost $4 billion, joins the foreign 500 for the first time with a rank of 382.

How are the Europeans doing? Not too badly. German retailer Asko Deutsche Kaufhaus made the list for the first time this year (at number 283), with $5.2 billion in revenues. Another newcomer, Hillsdown Holdings Plc., posted a 78% gain in revenues in 1987 by acquiring more than 50 new businesses. Dee Corp. Plc., a diversified U.K. supermarket chain, shot up in rank with its mid-1986 purchases of Herman's Sporting Goods from W.R. Grace and Fine Fare, a subsidiary of Associated British Foods.

In European countries such as France, Italy and Germany, many large enterprises are either government-owned or cooperatives. Governments have been waking up to the fact that they cannot and should not compete in the private sector. Other companys are following British Telecommunications, British Airways and even America's Conrail with public offerings.

This survey lists 150 businesses that are presently not publicly traded. The largest is IRI Group, the giant state-owned Italian multicompany that is in banking, steel and telecommunications. It has revenues of $41.3 billion and keeps 422,000 people gainfully employed.

All told, 30 countries are represented on the following list. Japan leads with 154 entries, followed by the U.K. with 68 and West Germany with 61. To facilitate comparisons, all firms are grouped into one of 34 industry groups and listed in descending order by total revenues. Beginning on page 232 is an alphabetical index of all 500 companies. It shows where each one can be found in the main table.

Rank 1987	Rank 1986	Company	Country	Fiscal year-end	Revenue[1] (mil)	Net income (mil)	Assets (mil)	Market value of common[2] (mil)	Employees (thou)
		AEROSPACE AND DEFENSE							
149	**128**	**General Electric Co Plc**	UK	Mar	$7,830	$649	$8,866	$7,990	159.6
191	**244**	**British Aerospace Plc**	UK	Dec	6,679	–180	7,958	1,537	86.8
276	**222**	**Aérospatiale Group**	France	Dec	5,218	23	9,546	none[3]	38.0
450	**466**	**MBB-Messerschmitt-Bolkow-Blohm GmbH**	Germany	Dec	3,392	3P	3,315[4]	none[3]	38.5
452	**461**	**Rolls-Royce Plc**	UK	Dec	3,375	220	2,890	1,785	42.0
		AUTOMOTIVE							
9	**10**	**Toyota Motor Corp**	Japan	June	43,637	1,704	33,135	39,720	84.2
13	**13**	**Daimler-Benz Group**	Germany	Dec	37,541	994	29,401	15,547	326.3
16	**26**	**Nissan Motor Co Ltd**	Japan	Mar	30,675	466	33,283	13,113	108.7
17	**17**	**Volkswagen Group**	Germany	Dec	30,397	333	27,860	3,414	260.5
18	**30**	**Fiat Group**	Italy	Dec	29,655	1,831	40,406	9,864	270.6
26	**33**	**Renault Group**	France	Dec	24,541	614	18,981	none[3]	188.9
33	**36**	**Honda Motor Co Ltd**	Japan	Mar	22,472	725	14,233	9,824	58.3
43	**43**	**Peugeot Groupe SA**	France	Dec	19,659	819	14,430	4,205	160.6
66	**64**	**Volvo Group[5]**	Sweden	Dec	14,592	731	13,631	3,537	72.5
71	**83**	**Robert Bosch Group**	Germany	Dec	14,112	459	11,496	none[3]	161.3
92	**85**	**Mazda Motor Corp**	Japan	Oct	11,295	30	7,877	3,065	28.3[6]
104	**109**	**BMW-Bayerische Motoren Werke**	Germany	Dec	10,827	209[6]	6,528[6]	4,306	62.8
151	**143**	**Michelin Group**	France	Dec	7,809	405	10,474	2,401	117.0
170	**165**	**Nippondenso Co Ltd**	Japan	Dec	7,240	218	7,248	8,714	45.6
200	**213**	**Saab-Scania Group**	Sweden	Dec	6,530	282[7]	6,317	1,743	49.6

■ Not ranked last year. [1] Revenue figures are for group or consolidated operations and exclude taxes and duties. [2] As of Dec. 31, 1987. [3] Not publicly traded as of Dec. 31, 1987. [4] Figures are latest available. [5] Figures based on U.S. GAAP. [6] Not fully consolidated. [7] Profit before appropriations adjusted to a 50% tax rate to more closely conform to U.S. accounting. [8] Combined market value. [9] Based on current cost accounting. NA: Not available or not applicable. E: Forbes estimate. P: Preliminary.

General note: Revenue and net income are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. For companies with January, February or March fiscal year-ends, 1987 figures are used when more current data are not available.

The 500 largest foreign companies

Rank 1987	Rank 1986	Company	Country	Fiscal year-end	Revenue[1] (mil)	Net income (mil)	Assets (mil)	Market value of common[2] (mil)	Employees (thou)
		AUTOMOTIVE							
222	**177**	**Isuzu Motors Ltd[6]**	Japan	Oct	$6,077	$63	$4,876	$2,735	13.8
231	**212**	**Asahi Glass Co Ltd**	Japan	Dec	5,963	241	7,549	15,610	9.6[6]
249	**232**	**Bridgestone Corp**	Japan	Dec	5,672	249	6,935	6,066	34.0
252	**231**	**Pirelli Group**	Switzerland/Italy	Dec	5,615	175	6,045	2,169[8]	66.3
267	**315**	**Suzuki Motor Co Ltd**	Japan	Mar	5,439	60	3,389	1,453	13.4[6]
291	**341**	**Rover Group Plc**	UK	Dec	5,010	–44	3,266	7,651	46.4
328	**336**	**Fuji Heavy Industries Ltd**	Japan	Mar	4,553	100	3,786	1,589	14.5[6]
363	**393**	**Kubota Ltd**	Japan	Apr	4,114	79	5,057	6,056	16.0[6]
371	**417**	**Daihatsu Motor Co Ltd**	Japan	June	4,048	27	2,704	1,387	18.8
382	■	**Hyundai Motor Co**	Korea	Dec	3,972	113	2,888	750	29.8
487	**402**	**GKN Plc**	UK	Dec	3,115	101	2,830	1,283	39.4
499	**549**	**Aisin Seiki Co Ltd**	Japan	Mar	3,050	68	2,166	2,229	9.5[6]
		BANKING							
45	**164**	**Banco do Brasil**	Brazil	Dec	18,611	1,089	75,708	476	128.5
51	**247**	**BRADESCO Group**	Brazil	Dec	16,029	389[9]	13,630[9]	956	147.9
53	**56**	**Banque Nationale de Paris Group**	France	Dec	15,823	472	182,675	none[3]	58.6
59	**63**	**Société Générale Group**	France	Dec	15,244	395	153,022	none[3]	44.0
60	**65**	**Crédit Lyonnais Group**	France	Dec	15,203	370	168,344	none[3]	58.2
61	**61**	**Barclays Plc**	UK	Dec	15,158	303	164,292	6,236	113.0
65	**55**	**National Westminster Bank Plc**	UK	Dec	14,611	724	162,871	8,119	102.0
73	**80**	**Crédit Agricole**	France	Dec	13,959[6]	359	214,382	none[3]	73.9
77	**88**	**Dai-Ichi Kangyo Bank Ltd**	Japan	Mar	13,151	592	289,622	57,817	19.3[6]
80	**95**	**Sumitomo Bank Ltd**	Japan	Mar	13,022	332	271,293	60,955	16.6[6]
86	**96**	**Fuji Bank Ltd**	Japan	Mar	12,262	517	264,242	57,972	14.8[6]
89	**94**	**Deutsche Bank Group**	Germany	Dec	11,494	366	169,675	8,676	54.6
90	**108**	**Mitsubishi Bank Ltd**	Japan	Mar	11,431	600	246,426	50,708	14.1[6]
99	**97**	**Paribas Group**	France	Dec	11,014	287	122,275	3,278	27.5
100	**111**	**Sanwa Bank Ltd**	Japan	Mar	10,992	524	239,171	46,304	15.0[6]
106	**117**	**Industrial Bank of Japan Ltd**	Japan	Mar	10,640	351	205,143	47,600	5.3[6]
112	**103**	**Lloyds Bank Group**	UK	Dec	10,222	–372	84,049	3,693	76.2
115	**133**	**Norinchukin Bank[6]**	Japan	Mar	9,993	140	186,117	none[3]	3.2
117	**89**	**Midland Group**	UK	Dec	9,884	–644	90,674	3,939	58.8
119	**510**	**BANESPA Group**	Brazil	Dec	9,767	285[9]	9,186[9]	49	32.2
120	**114**	**Bank of Tokyo Ltd**	Japan	Mar	9,721	342	183,507	18,397	13.6[6]
125	**167**	**Suez Group**	France	Dec	9,064	355	64,389	none[3]	18.7
132	**187**	**Banca Nazionale del Lavoro**	Italy	Dec	8,621	205	92,397	none[3]	28.6
135	**389**	**Banco Central Group**	Spain	Dec	8,394	348	85,938	4,242	24.1
141	**138**	**Dresdner Bank**	Germany	Dec	8,172	250	130,849	3,865	38.1
145	**176**	**Long-Term Credit Bank of Japan Ltd[6]**	Japan	Mar	7,933	263	142,560	28,672	3.3
146	**172**	**Tokai Bank Ltd**	Japan	Mar	7,909	282	170,096	28,511	12.8[6]
148	**397**	**Banco Itaú Group**	Brazil	Dec	7,847	231[9]	8,783[9]	167	80.4

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The 500 largest foreign companies

Rank 1987	Rank 1986	Company	Country	Fiscal year-end	Revenue[1] (mil)	Net income (mil)	Assets (mil)	Market value of common[2] (mil)	Employees (thou)
BANKING									
154	189	**Mitsui Bank Ltd[6]**	Japan	Mar	$7,772	$317	$163,982	$29,194	10.3
176	134	**Royal Bank of Canada**	Canada	Oct	7,100	–193	77,643	2,565	42.8
185	188	**Union Bank of Switzerland**	Switzerland	Dec	6,843	505	125,521	9,269	20.9
207	192	**Westdeutsche Landesbank Group**	Germany	Dec	6,349	56	96,430	none[3]	7.4
208	238	**Taiyo Kobe Bank Ltd[6]**	Japan	Mar	6,346	195	138,936	14,589	13.6
209	210	**Commerzbank**	Germany	Dec	6,286	234	102,265	2,801	26.6
218	197	**Westpac Banking Group**	Australia	Sept	6,140	184	50,598	1,997	44.9
220	219	**Bayerische Vereinsbank Group**	Germany	Dec	6,080	122	94,613	2,162	14.3
223	503	**Banco Bilbao-Vizcaya**	Spain	Dec	6,044	575	56,884	5,793	33.0
226	180	**Canadian Imperial Bank of Commerce**	Canada	Oct	5,994	–47	67,159	2,410	33.9
227	163	**Bank of Montreal**	Canada	Oct	5,994	–263	64,008	2,100	34.4
230	233	**Swiss Bank Corp**	Switzerland	Dec	5,983	437	114,390	8,736	16.8
232	196	**Sanpaolo Group**	Italy	Dec	5,951	436	73,477	none[3]	18.2
235	323	**Sumitomo Trust & Banking Co Ltd[6]**	Japan	Mar	5,908	364	144,623	21,625	6.2
242	319	**Mitsubishi Trust & Banking Corp[6]**	Japan	Mar	5,745	376	155,809	21,521	6.2
243	566	**Unibanco Group**	Brazil	Dec	5,743	73[9]	4,106[9]	20	26.5
248	218	**Bancomer**	Mexico	Dec	5,683	224	9,101	none[3]	33.4
253	190	**CARIPLO Group**	Italy	Dec	5,598	185	64,502	none[3]	14.3
257	255	**Australia & New Zealand Banking Group**	Australia	Sept	5,552	274	46,984	1,961	41.2
259	205	**Generale Bank Group**	Belgium	Dec	5,540	172	65,609	1,561	31.9
271	281	**CIC-Crédit Industriel et Commercial**	France	Dec	5,371	102	62,869	824	27.0
278	253	**Banamex-Banco Nacional de México**	Mexico	Dec	5,199	251	10,499	none[3]	28.9
279	199	**Nippon Credit Bank Ltd**	Japan	Mar	5,197	138	92,321	10,032	2.1
281	250	**Monte dei Paschi di Siena Banking Group**	Italy	Dec	5,182	244	62,467	none[3]	16.7
287	286	**Bayerische Hypotheken-und Wechsel-Bank**	Germany	Dec	5,120	135	79,851	3,133	13.2
290	257	**Bank Hapoalim BM**	Israel	Dec	5,043	191	30,111	2,213	7.8[6]
296	276	**Bank of China**	China	Dec	4,921	1,041	81,434	none[3]	44.0
308	262	**Bank of Nova Scotia**	Canada	Oct	4,781	–233	54,282	1,658	26.2
317	373	**Mitsui Trust & Banking Co Ltd**	Japan	Mar	4,656	273	130,485[6]	15,491	5.7[6]
319	335	**Crédit Suisse**	Switzerland	Dec	4,623	369	83,912	7,032	15.0
323	399	**Shoko Chukin Bank**	Japan	Mar	4,595	45	92,244	none[3]	6.3
330	274	**Standard Chartered Group**	UK	Dec	4,545	–664	55,646	1,355	33.4
339	499	**Banco de la Nación Argentina**	Argentina	Dec	4,440	315	10,465	none[3]	18.9
345	385	**Crédit Commercial de France Group**	France	Dec	4,353	72	38,309	832	12.3
346	443	**Yasuda Trust & Banking Co Ltd**	Japan	Mar	4,347	203	117,641	11,639	5.1
347	578	**Bamerindus Group**	Brazil	Dec	4,334	40[9]	6,484[9]	none[3]	38.3
350	355	**DG Bank Group**	Germany	Dec	4,286	96	80,567	none[3]	4.7
353	359	**Skandinaviska Enskilda Bank Group**	Sweden	Dec	4,244	328[7]	39,960	2,686	9.1
358	403	**Kyowa Bank Ltd[6]**	Japan	Mar	4,159	169	87,169	10,020	8.7
362	350	**Banco di Napoli**	Italy	Dec	4,114	48	59,267	none[3]	13.6
364	321	**National Australia Bank Group**	Australia	Sept	4,109	221	33,791	1,848	24.3

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		BANKING							
369	346	**Bayerische Landesbank Girozentrale**	Germany	Dec	$4,055	$82	$83,036	none[3]	4.3
379	326	**Daiwa Bank Ltd[6]**	Japan	Mar	3,999	169	118,018	$13,089	9.1
393	308	**Toronto-Dominion Bank**	Canada	Oct	3,842	40	41,436	3,204	21.7
411	572	**Banco de la Provincia de Buenos Aires**	Argentina	Dec	3,662	145	5,147	none[3]	14.8
413	409	**Bank Bruxelles Lambert**	Belgium	Sept	3,634	93	43,728	765	15.8
417	352	**Commonwealth Banking Corp Group**	Australia	June	3,618	131	31,612	none[3]	38.2
421	421	**Norddeutsche Landesbank Group**	Germany	Dec	3,583	34	64,539	none[3]	6.2
425	453	**Saitama Bank Ltd[6]**	Japan	Mar	3,554	139	74,515	8,912	8.2
438	396	**Bank Leumi le-Israel BM**	Israel	Dec	3,508	250	25,519	1,998	12.6
439	400	**State Bank of India Group**	India	Dec	3,493	43	40,857	none[3]	284.9
440	445	**ASLK-CGER**	Belgium	Dec	3,476	79	41,310	none[3]	8.9
442	381	**Nacional Financiera SNC**	Mexico	Dec	3,446	34	17,118	none[3]	3.7
443	428	**Crédit Communal de Belgique**	Belgium	Dec	3,444	34	44,992	none[3]	3.5
444	489	**Japan Development Bank**	Japan	Mar	3,441	146	54,388	none[3]	1.1
449	517	**Hokkaido Takushoku Bank Ltd[6]**	Japan	Mar	3,392	86	61,946	5,384	6.7
479	376	**Kredietbank NV**	Belgium	Mar	3,174	126	39,157	1,153	11.0
481	553	**Bank of Yokohama Ltd**	Japan	Mar	3,167	100	63,780	8,502	6.8[6]
482	444	**PKbanken Group**	Sweden	Dec	3,155	208[7]	31,027	1,190	4.7
485	496	**Banco Hispano Americano Grupo**	Spain	Dec	3,127	23	30,866	2,363	20.4
494	456	**Banco di Sicilia**	Italy	Dec	3,080	20	30,046	none[3]	9.8
		BEVERAGES							
219	246	**Allied-Lyons Plc**	UK	Mar	6,108	499	8,113	4,714	78.1
337	328	**Kirin Brewery Co Ltd**	Japan	Jan	4,443	249	6,801	14,044	7.6[6]
374	392	**Bass Plc**	UK	Sept	4,026	408	5,987	5,162	79.3
468	487	**Suntory Ltd**	Japan	Mar	3,246	119	4,872	none[3]	4.7
		BUILDING PRODUCTS							
79	70	**Saint-Gobain**	France	Dec	13,124	420	14,869	3,436	131.0
381	380	**Pilkington Plc**	UK	Mar	3,972	298	3,352	3,038	56.7
474	495	**Lafarge Coppée**	France	Dec	3,213	255	3,984	2,725	20.1
		CHEMICALS AND DRUGS							
34	29	**BASF Group**	Germany	Dec	22,387	585	18,837	8,946	130.7
41	34	**Bayer Group**	Germany	Dec	20,665	833	20,331	10,372	164.3
42	37	**Hoechst Group**	Germany	Dec	20,561	767	18,293	8,880	167.8
46	44	**Imperial Chemical Industries Plc**	UK	Dec	18,230	1,246	16,445	13,689	127.8
105	102	**Montedison Group**	Italy	Dec	10,641	316	19,016	2,218	66.8
108	99	**CIBA-GEIGY Group**	Switzerland	Dec	10,571	613	17,338[9]	6,507	86.1
123	121	**Rhône-Poulenc Group**	France	Dec	9,343	393	11,249	none[3]	82.5
156	152	**Akzo Group**	Netherlands	Dec	7,669	465	6,646	1,948	69.5
173	158	**Mitsubishi Kasei Corp**	Japan	Jan	7,156	173	10,068	9,652	8.8[6]
224	239	**Sandoz Group**	Switzerland	Dec	6,021	420	7,467	6,177	44.0

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		CHEMICALS AND DRUGS							
229	226	**Solvay Group**	Belgium	Dec	$5,989	$287	$5,991	$2,229	45.0
251	243	**Asahi Chemical Industry Co Ltd**	Japan	Mar	5,659	131	6,120	9,363	22.0
255	268	**Sumitomo Chemical Co Ltd**	Japan	Dec	5,576	114	7,371	10,066	12.3
274	297	**Formosa Plastics Group**	Taiwan	Dec	5,271	NA	5,258	none[3]	44.2
284	269	**Roche/Sapac Group**	Switzerland	Dec	5,167	323	10,737	6,583	47.5
286	293	**Henkel Group**	Germany	Dec	5,150	151	4,286	none[3]	34.2
329	129	**NV DSM**	Netherlands	Dec	4,550	218	4,515	none[3]	27.9
360	351	**Courtaulds Plc**	UK	Mar	4,123	244	3,047	2,418	68.5
397	422	**Showa Denko KK**	Japan	Dec	3,778	–14	5,486	4,808	5.0[6]
423	488	**Takeda Chemical Industries Ltd**	Japan	Mar	3,575	178	5,239	18,518	13.6
454	410	**CDF Chimie**	France	Dec	3,373	163	2,862	none[3]	16.6
483	458	**Ube Industries Ltd**	Japan	Mar	3,153	–32	5,327	2,459	7.5[6]
		COMMODITIES							
304	47	**S&W Berisford Plc**	UK	Sept	4,853	100	2,971	1,062	9.9
332	142	**Ferruzzi Group**	Italy	Dec	4,538E	449	9,284	none[3]	26.0
388	427	**Groupe Sucres et Denrées**	France	Dec	3,871	12	1,442	none[3]	5.5
394	299	**Alfred C Toepfer Internationale Gruppe**	Germany	Nov	3,831	NA	NA	none[3]	0.7
		COMMUNICATIONS							
11	9	**Nippon Telegraph & Telephone Corp**	Japan	Mar	40,926	1,758	87,143	277,562	291.0
19	19	**Deutsche Bundespost**	Germany	Dec	28,959	1,504	102,630	none[3]	489.3
23	15	**PTT-Postes et Télécommunications**	France	Dec	26,037	NA	NA	none[3]	466.9
48	48	**British Telecommunications Plc**	UK	Mar	17,342	2,477	31,058	24,866	237.2
97	82	**BCE Inc**	Canada	Dec	11,048	820	20,022	7,796	117.0
214	217	**Schweizerische PTT**	Switzerland	Dec	6,164	327	16,379	none[3]	58.9
277	292	**Netherlands PTT**	Netherlands	Dec	5,201	1,062	12,169	none[3]	94.6
280	261	**British Post Office**	UK	Mar	5,183	236	7,368[9]	none[3]	188.7
289	265	**Telefonaktiebolaget LM Ericsson**	Sweden	Dec	5,110	104[5]	5,691	1,092	67.2
343	354	**Telefónica**	Spain	Dec	4,379	431	19,694	6,097	63.3
455	440	**STC Group Plc**	UK	Dec	3,358	222[7]	2,536	2,371	34.3
470	469	**Swedish Telecom Group**	Sweden	Dec	3,242	89	7,987	none[3]	49.4
480	494	**Österreichische PTT**	Austria	Dec	3,172	333	8,346	none[3]	57.2
		CONSTRUCTION							
155	146	**Kajima Corp**	Japan	Nov	7,749	96	11,227	9,007	15.0
164	195	**Taisei Corp**	Japan	Mar	7,363	60	8,969	6,089	12.0
183	174	**Bouygues Group**	France	Dec	6,883	81	7,969	926	60.5
199	230	**Shimizu Construction Co Ltd**	Japan	Mar	6,548	58	7,760	4,747	10.2[6]
205	245	**Takenaka Corp**	Japan	Dec	6,394	39	9,006	none[3]	11.1
268	223	**Kumagai Gumi Co Ltd**	Japan	Sept	5,432	80	8,888	3,545	8.0[6]
272	325	**Ohbayashi Corp**	Japan	Mar	5,312	38	7,097	4,543	9.9[6]
334	375	**Sekisui House Ltd**	Japan	Jan	4,466	112	7,121	5,704	9.0[6]

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		CONSTRUCTION							
390	507	**Mitsui Real Estate Development Co Ltd**	Japan	Mar	$3,860	$132	$11,415	$8,238	6.7
408	395	**Trafalgar House Plc**	UK	Sept	3,689	119	3,431	2,827	32.3
428	477	**Tarmac Plc**	UK	Dec	3,545	272	3,220	3,007	28.0
447	■	**Fujita Corp**	Japan	Nov	3,398	34	6,973	1,855	5.5
473	404	**Philipp Holzmann AG**	Germany	Dec	3,225	12	1,556	323	23.5
492	532	**Skanska AB**	Sweden	Dec	3,096	130[7]	4,221	2,921	29.4
		CONSUMER ELECTRONICS							
15	14	**Matsushita Electric Industrial Co**	Japan	Mar	34,833	1,177	38,607	31,480	170.0
107	123	**Electrolux Group[5]**	Sweden	Dec	10,635	289	8,408	2,477	140.5
111	119	**Sony Corp**	Japan	Mar	10,345	266	14,887	9,131	60.5
142	136	**Sanyo Electric Co Ltd**	Japan	Nov	8,168	–119	11,728	5,649	40.6
172	183	**Sharp Corp**	Japan	Mar	7,186	130	9,601	6,664	22.8[6]
385	248	**THORN EMI Plc**	UK	Mar	3,906	112	3,162	2,734	62.2
		CONSUMER GOODS							
178	140	**Grand Metropolitan Plc**	UK	Sept	7,033	719	7,459	7,205	90.7
192	■	**Japan Tobacco[6]**	Japan	Mar	6,675	304	12,298	none[3]	28.1
266	272	**Fuji Photo Film Co Ltd**	Japan	Oct	5,443	481	7,547	12,126	17.7
370	348	**Beecham Group Plc**	UK	Mar	4,049	408	4,756	6,225	35.8
404	■	**Kao Corp**	Japan	Mar	3,718	97	3,593	6,821	6.7[6]
456	463	**L'Oréal Group**	France	Dec	3,343	181	3,158	2,739	26.9
		COOPERATIVE							
74	74	**REWE-Zentral Organisation**	Germany	Dec	13,659	NA	NA	none[3]	92.5
88	139	**Edeka-Zentrale**	Germany	Dec	11,572	NA	NA	none[3]	30.0
101	53	**Metro-Deutschland Gruppe**	Germany	Dec	10,905E	NA	NA	none[3]	91.0
103	101	**Leclerc**	France	Dec	10,847	NA	NA	none[3]	33.5
162	166	**Migros-Genossenschafts-Bund**	Switzerland	Dec	7,438	109	6,165	none[3]	45.5
198	236	**Deutsche SPAR-Zentrale**	Germany	Dec	6,573	NA	NA	none[3]	27.2
225	285	**KF-Coop Group**	Sweden	Dec	5,996	43[7]	2,788	none[3]	27.8
246	235	**Coop Suisse**	Switzerland	Dec	5,710	NA	NA	none[3]	31.5
359	330	**S Group**	Finland	Dec	4,130	–3[6]	1,160[6]	none[3]	29.6
367	377	**Eka Corporation**	Finland	Dec	4,080	4	4,263	none[3]	27.1
395	327	**Systeme U**	France	Dec	3,827	NA	NA	none[3]	18.0
424	313	**GEDELFI**	Germany	Dec	3,561	NA	NA	none[3]	0.2
469	■	**FDB Co-op Denmark**	Denmark	Dec	3,243	34	1,453	none[3]	22.8
		ELECTRICAL EQUIPMENT							
21	28	**Siemens Group**	Germany	Sept	27,461	650	29,850	10,843	359.0
24	21	**Philips Group**	Netherlands	Dec	26,023	317	26,811	3,835	336.7
37	66	**Cie Générale d'Electricité**	France	Dec	21,206	305	32,035	2,840	219.5

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		ELECTRICAL EQUIPMENT							
54	■	**Asea Brown Boveri Group**	Sweden/Switz	Dec	$15,750E	NA	NA	$4,626[8]	166.8
116	98	**Le Groupe Thomson**	France	Dec	9,978	$177	$15,525	none[3]	86.0
321	340	**Matsushita Electric Works**	Japan	Nov	4,599	126	4,357	7,844	17.2
326	372	**Sumitomo Electric Industries Ltd**	Japan	Mar	4,577	104	4,643	8,144	13.2[6]
368	378	**BICC Plc Group**	UK	Dec	4,079	105	2,379	1,449	44.4
427	426	**Furukawa Electric Co Ltd**	Japan	Mar	3,549	74	3,953	3,303	7.2[6]
453	509	**Fuji Electric Co Ltd**	Japan	Mar	3,375	28	3,941	2,588	12.8[6]
		FINANCIAL							
175	198	**Nomura Securities Co Ltd**	Japan	Sept	7,117	1,778	23,817	39,920	12.0
282	287	**Crédit Foncier de France**	France	Dec	5,177	67	57,050	1,148	3.6[6]
293	358	**Daiwa Securities Co Ltd**	Japan	Sept	4,975	988	30,001	16,352	10.0
		FOOD DISTRIBUTION							
102	107	**Aldi GmbH & Co KG**	Germany	Dec	10,849E	NA	NA	none[3]	20.0
139	131	**George Weston Ltd**	Canada	Dec	8,322	101	2,728	1,135	67.3
250	240	**Casino Groupe**	France	Dec	5,663	58	2,185	771	40.2
303	301	**Provigo Inc**	Canada	Jan	4,863	51	1,219	553	12.7
312	298	**ICA Group**	Sweden	Dec	4,731	68[7]	1,766	none[3]	14.3
448	430	**Carnegie Group**	Sweden	Dec	3,394	44[7]	2,798	703	15.8
		FOOD PROCESSING							
22	16	**Unilever**	Netherlands/UK	Dec	27,124	1,278	18,713	15,968[8]	301.0
29	25	**Nestlé**	Switzerland	Dec	23,633	1,225	19,674	14,238	163.0
160	135	**Dalgety Plc**	UK	June	7,570	118	1,942	1,317	24.0
163	159	**Taiyo Fishery Co Ltd**	Japan	Jan	7,410	1	3,523	1,045	13.5
213	224	**BSN-Groupe**	France	Dec	6,182	258	6,432	4,216	41.3
270	303	**Snow Brand Milk Products Co Ltd**	Japan	Mar	5,390	24	2,467	2,341	14.8
292	■	**Hillsdown Holdings Plc**	UK	Dec	4,980	145	3,003	2,176	44.1
365	423	**Jacobs Suchard Group**	Switzerland	Dec	4,093	178	2,419	3,139	17.1
384	343	**Co-operative Wholesale Society Ltd**	UK	Dec	3,937	34	1,493	none[3]	22.2
389	363	**Associated British Foods Plc**	UK	Mar	3,868	185	3,795	2,493	53.9
410	414	**Unigate Group**	UK	Mar	3,686	121	1,583	1,208	34.6
429	525	**John Labatt**	Canada	Apr	3,543	108	2,065	1,290	17.9
458	448	**Cadbury Schweppes Plc**	UK	Dec	3,329	181	2,618	2,567	27.5
466	506	**Nippon Suisan Kaisha Ltd**	Japan	Mar	3,262	15	2,017	1,225	4.0[6]
		INDUSTRIAL EQUIPMENT							
76	42	**Mitsubishi Heavy Industries Ltd**	Japan	Mar	13,495	223	29,839	12,868	46.7[6]
124	112	**Mannesmann Group**	Germany	Dec	9,266	119	8,507	1,691	113.3
180	215	**M A N Group**	Germany	June	7,010	68	6,510	848	52.6
244	273	**Ishikawajima-Harima Heavy Industries**	Japan	Mar	5,738	–146	9,210	6,393	16.1[6]

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		INDUSTRIAL EQUIPMENT							
288	**237**	**Komatsu Ltd**	Japan	Dec	$5,120	$66	$8,320	$4,025	22.9
486	**436**	**SKF Group[5]**	Sweden	Dec	3,125	45	3,987	1,062	43.7
489	**482**	**Sulzer Group**	Switzerland	Dec	3,109	52	5,334	753	31.7
		INDUSTRIAL GASES							
386	**408**	**L'Aire Liquide Group**	France	Dec	3,903	231	5,192	3,642	26.0
498	**433**	**BOC Group Plc**	UK	Sept	3,052	252	3,706	3,233	36.9
		INSURANCE							
12	**23**	**Nippon Life Insurance Co**	Japan	Mar	37,704	3,858	103,836	none[3]	14.4
32	**59**	**Dai-ichi Mutual Life Insurance**	Japan	Mar	22,526	2,680	71,010	none[3]	15.0
35	**49**	**Zenkyoren**	Japan	Mar	22,135	NA	87,166	none[3]	7.8
44	**71**	**Sumitomo Life Insurance Co**	Japan	Mar	19,083	2,106	58,907	none[3]	10.6
69	**100**	**Allianz Worldwide**	Germany	Dec	14,389E	NA	13,424[4]	11,050	41.1
87	**122**	**Meiji Mutual Life Insurance Co**	Japan	Mar	12,229	1,385	38,089	none[3]	8.0
110	**153**	**UAP-Union des Assurances de Paris**	France	Dec	10,359	424	34,819	2,970	27.1
114	**157**	**Asahi Mutual Life Insurance**	Japan	Mar	10,005	1,266	33,594	none[3]	8.6
127	**150**	**Generali Group**	Italy	Dec	9,019	324	23,033	15,499	22.0
131	**148**	**Prudential Corp Plc**	UK	Dec	8,703	286	49,548	5,617	35.0
137	**141**	**Zurich Insurance Group**	Switzerland	Dec	8,351	105[6]	10,416[6]	5,083	25.2
150	**151**	**Nationale-Nederlanden**	Netherlands	Dec	7,830	347	38,913	3,404	22.7
152	**214**	**Mitsui Mutual Life Insurance Co**	Japan	Mar	7,800	946	24,994	none[3]	31.1
167	**160**	**Royal Insurance Plc**	UK	Dec	7,326	294	22,987	3,509	23.2
184	**279**	**Yasuda Mutual Life Insurance Co**	Japan	Mar	6,848	873	20,943	none[3]	6.7
217	**256**	**Münchener Rückversicherungs[6]**	Germany	June	6,152	31	14,582	4,459	1.7
233	**254**	**AGF-Assurances Générales de France**	France	Dec	5,943	291	17,152	2,476	16.6
234	**252**	**Winterthur Group**	Switzerland	Dec	5,922	128	21,252	3,319	13.5
241	**270**	**Swiss Re Group**	Switzerland	Dec	5,756[4]	100[4]	17,413[4]	3,611	14.5
299	**275**	**Commercial Union Assurance Co Plc**	UK	Dec	4,888	233	21,545	2,608	19.1
306	**284**	**Sun Alliance & London Insurance Plc**	UK	Dec	4,797	198	19,998	3,152	15.0
314	**394**	**Nissan Fire & Marine Insurance[6]**	Japan	Mar	4,715	27	3,452	2,811	4.2
318	**361**	**Tokio Marine & Fire Insurance Co Ltd**	Japan	Mar	4,627	299	36,087	18,698	11.1[6]
321	**365**	**GAN-Groupe des Assurances Nationales**	France	Dec	4,599	221	13,880	1,090	8.7
335	**296**	**Sun Life Assurance Co**	Canada	Dec	4,456	116	16,717	none[3]	8.0
338	**333**	**Australian Mutual Provident Society**	Australia	Dec	4,442	NA	18,125	none[3]	7.2
347	**344**	**AXA Group**	France	Dec	4,294	99	11,282	none[3]	8.3
348	**388**	**AEGON Insurance Group**	Netherlands	Dec	4,292	167	24,230	1,180	9.8
349	**366**	**Swiss Life Insurance & Pension Co**	Switzerland	Dec	4,289	509	22,717	none[3]	4.2
352	**311**	**General Accident Fire & Life Assurance**	UK	Dec	4,247	264	9,866	2,879	12.3[6]

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		INSURANCE							
354	318	**Guardian Royal Exchange Plc**	UK	Dec	$4,243	$177	$16,699	$2,489	14.2
355	364	**Manufacturers Life Insurance Co**	Canada	Dec	4,216	103	16,723	none[3]	5.7
391	465	**Yasuda Fire & Marine Insurance Co Ltd[6]**	Japan	Mar	3,846	78	12,761	6,360	10.7
398	360	**AMEV NV**	Netherlands	Dec	3,771	144	13,915	1,177	10.7
402	425	**Standard Life Assurance Co**	UK	Nov	3,749	NA	23,390	none[3]	5.2
415	374	**Great-West Lifeco**	Canada	Dec	3,628	48	11,921	605	3.2
416	441	**Legal & General Group**	UK	Dec	3,620	101	22,936	2,473	8.0
488	435	**Crownx**	Canada	Dec	3,115	–57	7,919	197	29.9
		LEISURE							
431	485	**International Thomson Organisation Ltd**	Canada	Dec	3,537	209	3,419	2,702	23.2
451	468	**Ladbroke Group Plc**	UK	Dec	3,378	230	4,559	2,548	28.8
		MINING							
93	87	**Ruhrkohle**	Germany	Dec	11,276	10	11,761	none[3]	127.2
190	125	**British Coal**	UK	Mar	6,738	–430	10,807	none[3]	141.5
435	369	**CRA Limited**	Australia	Dec	3,525	226	5,964	2,743	25.0
491	442	**Saarberg Group**	Germany	Dec	3,096	0	3,002	none[3]	29.8
		MULTICOMPANY							
10	11	**IRI Group**	Italy	Dec	41,287	147	NA	none[3]	422.0
14	12	**Hitachi Ltd**	Japan	Mar	35,961	989	44,826	27,129	159.9
25	27	**Toshiba Corp**	Japan	Mar	25,822	439	27,585	13,682	122.0
36	35	**VEBA Group**	Germany	Dec	21,556	573	20,911	6,575	74.1
40	40	**Samsung Group**	Korea	Dec	21,148	2[illegible]	14,625	none[3]	160.6
47	38	**B.A.T Industries Plc**	UK	Dec	17,792	1,231	15,940	12,291	168.9
49	92	**Mitsubishi Electric Corp**	Japan	Mar	17,119	161	13,327[4]	8,220	49.4[4]
68	68	**Lucky-Gold Star Group**	Korea	Dec	14,487	181	10,315	none[3]	88.4
70	52	**Thyssen Group**	Germany	Sept	14,176	151	8,773	2,077	123.4
75	69	**Daewoo Group**	Korea	Dec	13,498	37	19,770	none[3]	94.9
81	77	**ÖIAG-Österreichische Industrie Verwalt**	Austria	Dec	12,972E	–672E	18,222E	none[3]	96.8
83	79	**INI Group**	Spain	Dec	12,737	–345	31,885	none[3]	163.8
130	73	**Canadian Pacific Ltd**	Canada	Dec	8,804	623	13,849	4,805	85.4
144	126	**Norsk Hydro a s[5]**	Norway	Dec	8,089	272	10,734	1,950	39.1
157	168	**Barlow Rand Group**	South Africa	Sept	7,632	222	5,243	1,755	140.4
165	154	**Hanson Plc**	UK	Sept	7,332	891	10,389	8,539	88.0
186	162	**Sunkyong Group**	Korea	Dec	6,812	91	3,537	none[3]	19.8
187	173	**BTR Plc**	UK	Dec	6,800	785	6,116	8,643	81.8
221	207	**Klöckner & Co**	Germany	Dec	6,077	4	1,932	none[3]	9.8
236	314	**Preussag Group**	Germany	Dec	5,799	45	3,259	579	29.7
265	267	**Feldmühle Nobel Group**	Germany	Dec	5,454	84	4,245	1,071	42.9

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		MULTICOMPANY							
297	316	**Kawasaki Heavy Industries Ltd**	Japan	Mar	$4,893	$–87	$6,757	$2,554	23.1
301	337	**Koç Group**	Turkey	Dec	4,880	167	1,631	none[3]	35.5
307	432	**Peninsular & Oriental Steam Navigation**	UK	Dec	4,786	347	5,835	3,585	48.1
315	277	**VIAG Group**	Germany	Dec	4,698	106	5,901	1,313	32.7
320	317	**Ssangyong Group**	Korea	Dec	4,603	75	4,763	none[3]	16.9[6]
331	264	**SHV Holdings NV**	Netherlands	Dec	4,542	87	2,593	none[3]	21.9
409	371	**Haci Ömer Sabanci Holding Corp**	Turkey	Dec	3,687	225	3,958	none[3]	29.1
434	412	**Korea Explosives Group**	Korea	Dec	3,526	NA	NA	none[3]	17.8
459	548	**CSR Group**	Australia	Mar	3,323	132	3,264	1,342	16.1
463	447	**Hyosung Group**	Korea	Dec	3,272	59	2,287	none[3]	24.0
478	512	**Oy Nokia**	Finland	Dec	3,185	192	4,011	1,539	29.3
		NONFERROUS METALS							
174	280	**Metallgesellschaft AG**	Germany	Sept	7,117	42	3,871	747	24.8
188	169	**Alcan Aluminium Ltd**	Canada	Dec	6,797	433	7,660	4,246	63.0
202	209	**Pechiney**	France	Dec	6,480	121	6,957	none[3]	46.2
211	234	**Degussa AG**	Germany	Sept	6,257	64	3,287	1,459	30.8
256	221	**RTZ Corporation Plc**	UK	Dec	5,568	459	7,535	5,090	51.0
361	464	**Mitsubishi Metal Corp**	Japan	Mar	4,121	–3	4,502	3,367	7.0[6]
446	379	**Alusuisse**	Switzerland	Dec	3,401	173	4,192	664	23.5
490	■	**Sumitomo Metal Mining Co Ltd**[6]	Japan	Mar	3,103	17	2,446	4,346	3.2
		OFFICE EQUIPMENT							
57	76	**NEC Corp**	Japan	Mar	15,326	94	18,964	21,873	101.2
63	120	**Fujitsu Ltd**	Japan	Mar	14,795	304	18,474	15,144	94.8
189	194	**Canon Inc**	Japan	Dec	6,753	92	9,181	4,481	37.5
247	220	**Olivetti Group**	Italy	Dec	5,691	310	9,198	2,850	58.1
406	452	**Ricoh Co Ltd**	Japan	Mar	3,706	68	3,858	5,264	28.0
		OIL AND GAS							
6	5	**Royal Dutch/Shell Group**	Netherlands/UK	Dec	78,306	4,725	86,561	50,834[8]	136.0
8	8	**British Petroleum Co Plc**	UK	Dec	45,198	2,280	49,977	27,896	126.4
28	20	**ENI-Ente Nazionale Idrocarburi**	Italy	Dec	24,252	484[4]	31,351	none[3]	120.0
38	39	**Elf Aquitaine Group**	France	Dec	21,188	690	28,766	4,425	73.0
52	93	**Petróleos de Venezuela SA**	Venezuela	Dec	16,028	2,923	23,851	none[3]	44.2
55	46	**Petrobrás-Petróleo Brasileiro SA**	Brazil	Dec	15,641	171[9]	15,460[9]	420	68.0
67	51	**TOTAL Group-Française des Pétroles**	France	Dec	14,489	242	13,579	2,376	40.5
78	72	**Pemex-Petróleos Mexicanos**	Mexico	Dec	13,131	3,011	34,553	none[3]	178.7
95	90	**Idemitsu Kosan Co Ltd**[6]	Japan	Mar	11,219	9	8,534[4]	none[3]	5.5
98	54	**Nippon Oil Co Ltd**	Japan	Mar	11,042	70	9,542	8,475	11.1
113	50	**Kuwait Petroleum Corp**	Kuwait	June	10,107	247	20,840	none[3]	15.6[6]

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		OIL AND GAS							
121	■	**Kyodo Oil**	Japan	Mar	$9,537	$38	$4,129	none[3]	1.7
126	145	**Statoil Group**	Norway	Dec	9,027	–228	9,024	none[3]	10.6
128	105	**Cosmo Oil Co Ltd**	Japan	Mar	8,843E	36	6,084	$1,700	3.1[6]
133	110	**Indian Oil Corp Ltd**	India	Mar	8,587	335	3,178	none[3]	32.6
134	116	**Petrofina SA**	Belgium	Dec	8,548	470	9,632	4,674	22.1
158	86	**Nederlandse Gasunie Group**	Netherlands	Dec	7,630	39	3,379	none[3]	1.9
161	104	**Repsol SA**	Spain	Dec	7,536	463	6,904	none[3]	18.7
196	186	**Chinese Petroleum Corporation**	Taiwan	Dec	6,622	1,985	7,345	none[3]	20.6
203	211	**Neste Group**	Finland	Dec	6,405	245	5,795	none[3]	11.2
245	406	**Türkiye Petrolleri AO**	Turkey	Dec	5,728	488	3,911	none[3]	18.8
273	155	**Ruhrgas**	Germany	Dec	5,305	285	2,996	none[3]	6.4
301	258	**CEA-Industrie Groupe**	France	Dec	4,880	299	16,441	none[3]	30.7
309	278	**YPF-Yacimientos Petroliferos Fiscales**	Argentina	Dec	4,775	NA	8,372[9]	6,789	34.9
333	206	**Nippon Mining Co Ltd**	Japan	Mar	4,513	20	4,741	2,661	5.7[6]
340	289	**Toa Nenryo Kogyo KK**	Japan	Dec	4,409	264	4,892	6,703	2.3[6]
341	249	**Schlumberger Ltd**	Neth Antilles	Dec	4,402	283	6,741	7,826	50.0
357	227	**Mitsubishi Oil Co Ltd**	Japan	Mar	4,161	52	3,572	1,288	2.5[6]
399	320	**Petro-Canada**	Canada	Dec	3,757	161	6,503	none[3]	7.2
		PAPER AND PACKAGING							
262	476	**Noranda**	Canada	Dec	5,471	259	7,382	3,587	44.0
422	473	**Toyo Seikan Kaisha Ltd**	Japan	Mar	3,577	113	2,875	3,227	14.5
462	492	**Oji Paper Co Ltd**	Japan	Mar	3,272	77	3,620	4,993	5.4[6]
472	■	**Stora Group**	Sweden	Dec	3,230	185[7]	5,689	2,198	21.5
		PUBLISHING							
215	391	**Saatchi & Saatchi Plc**	UK	Sept	6,159	118	1,492	1,235	15.6
269	304	**Dai Nippon Printing Co Ltd**	Japan	May	5,412	181	4,589	14,641	13.9
298	332	**Toppan Printing Co Ltd**	Japan	May	4,889	120	3,966	7,594	18.0
311	398	**Bertelsmann Aktiengesellschaft**	Germany	June	4,735	107	3,555	none[3]	42.0
433	454	**News Corporation Ltd**	Australia	June	3,529	548	9,109	2,282	23.0
467	434	**Reed International Plc**	UK	Mar	3,247	492	3,515	4,027	31.2
		RETAILING							
84	81	**Daiei Inc**	Japan	Feb	12,570	34	6,523	4,205	28.1
118	113	**Ito-Yokado Co Ltd**	Japan	Feb	9,774	310	5,477	10,753	28.1
136	147	**Vendex International Group**	Netherlands	Jan	8,376	113	3,348[9]	none[3]	79.1
153	156	**Marks & Spencer Plc**	UK	Mar	7,794	550	5,939	9,061	45.7
159	130	**Coles Myer Ltd**	Australia	July	7,618	164	2,696	2,064	141.2
168	171	**Seiyu Ltd**	Japan	Feb	7,276	42	6,133	1,880	26.0
177	178	**Jusco Co Ltd**	Japan	Feb	7,073	75	4,386	3,358	19.6
179	175	**Nichii Co Ltd**	Japan	Feb	7,031	78	5,222	2,838	33.1

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		RETAILING							
182	202	**Otto Versand-Group**	Germany	Feb	$6,895	NA	$1,227[4]	none[3]	28.0
195	204	**Karstadt Group**	Germany	Dec	6,640	$95	2,971	$1,949	66.3
210	200	**Takashimaya Co Ltd**	Japan	Feb	6,269E	94E	2,926[4]	2,401	7.8[6]
240	241	**Co op AG**	Germany	Dec	5,762	35	2,127	1,137	48.7
254	260	**Mitsukoshi**	Japan	Feb	5,[illegible]84	23	1,812[4]	5,367	11.5[6]
275	251	**Daimaru**	Japan	Feb	5,258E	7E	1,938[4]	1,317	7.7[6]
283	■	**Asko Deutsche Kaufhaus AG**	Germany	Dec	5,174	NA	767[4]	728	40.0
294	305	**Kaufhof**	Germany	Dec	4,951	41	2,503	1,907	40.5
324	339	**Boots Co Plc**	UK	Mar	4,592	323	2,855	4,041	67.0
373	322	**Woolworths Ltd**	Australia	Jan	4,032	23	1,049	341	60.0
376	368	**Uny Co Ltd**	Japan	Feb	4,019	60	2,646	1,830	9.7
396	411	**GB-Inno-BM**	Belgium	Jan	3,806	53	1,593	813	18.6
407	460	**Docks de France**	France	Dec	3,701	28	1,214	260	22.4
414	357	**Imasco Ltd**	Canada	Dec	3,631	191	4,347	2,373	92.4
419	449	**Woolworth Holdings Plc**	UK	Jan	3,613	232	3,022	2,056	36.6
432	383	**Great Universal Stores Plc**	UK	Mar	3,531	348	4,190	5,266	33.3
436	367	**Sears Plc**	UK	Jan	3,514	194	3,665	3,620	63.1
437	405	**C & A Brenninkmeyer**	Germany	Dec	3,513E	NA	NA	none[3]	20.0
445	288	**Hudson's Bay Co**	Canada	Jan	3,435	–73	2,833	444	38.0
471	■	**Marui**	Japan	Jan	3,238	134	3,021[4]	7,350	8.5
475	467	**Littlewoods Organisation Plc**	UK	Dec	3,204	84	2,077	none[3]	36.0
		STEEL							
64	57	**Nippon Steel Corp**	Japan	Mar	14,641	–68	24,678	19,453	63.3[6]
96	78	**Groupe Usinor Sacilor**	France	Dec	11,166	–970	13,627	none[3]	90.1
147	127	**Krupp Group**	Germany	Dec	7,848	NA	5,584[4]	none[3]	65.2
166	161	**NKK Corp**	Japan	Mar	7,326	–129	17,698	6,864	35.1
193	182	**Kobe Steel Ltd**	Japan	Mar	6,646	–74	14,052	4,959	24.4[6]
212	181	**Kawasaki Steel Corp**	Japan	Mar	6,252	–42	12,698	7,315	24.4[6]
228	185	**Sumitomo Metal Industries Ltd**	Japan	Mar	5,992	–87	14,869	5,856	25.2[6]
237	170	**Broken Hill Proprietary Co Ltd**	Australia	May	5,794	570	12,504	8,211	61.0
285	203	**British Steel Corp**	UK	Mar	5,165	266	6,871	none[3]	54.7
356	312	**Salzgitter**	Germany	Sept	4,188	37	4,415	none[3]	37.5
366	349	**Hoesch Group**	Germany	Dec	4,083	27	4,023	409	32.8
383	300	**Cockerill Sambre Groupe**	Belgium	Dec	3,943	–50	4,401	1,049	26.7
403	382	**Siderbrás Group**	Brazil	Dec	3,742	–4,362	14,113	none[3]	79.5
426	478	**Pohang Iron & Steel Co Ltd**	Korea	Dec	3,549	86	6,486	none[3]	19.3
477	370	**Klöckner-Werke Group**	Germany	Sept	3,189	–209[6]	2,574[6]	269	28.2
484	345	**Steel Authority of India Ltd**	India	Mar	3,134	41	7,082	none[3]	206.7
497	462	**Hoogovens Groep**	Netherlands	Dec	3,055	–38	4,719	286	28.3

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The 500 largest foreign companies

Rank 1987	Rank 1986	Company	Country	Fiscal year-end	Revenue[1] (mil)	Net income (mil)	Assets (mil)	Market value of common[2] (mil)	Employees (thou)
		SUPERMARKETS							
58	58	**Tengelmann Group**	Germany	June	$15,250	NA	NA	none[3]	130.3
122	124	**Carrefour Group**	France	Dec	9,400	$127	$4,209	$2,176	40.4
143	179	**J Sainsbury Plc**	UK	Mar	8,158	340	4,070	6,066	54.2
169	295	**Dee Corporation Plc**	UK	Apr	7,275	151	2,801	3,475	84.2
181	191	**Tesco Plc**	UK	Feb	6,932	259	2,955	4,362	50.2
238	242	**Promodès Group**	France	Dec	5,773	25	2,171	346	30.4
260	401	**Argyll Group Plc**	UK	Mar	5,510	170	2,102	3,206	63.0
263	266	**Ahold**	Netherlands	Dec	5,463	65	1,710	684	35.7
325	307	**Delhaize "Le Lion" Group**	Belgium	Dec	4,584	41	1,343	943	40.0
372	334	**Asda Group Plc**	UK	Apr	4,040	195	2,000	3,702	44.2
460	420	**Steinberg Inc**	Canada	July	3,313	143	1,107	421	36.0
465	474	**Euromarché SA**	France	Dec	3,268	38	1,230	543	18.9
		TEXTILES							
336	331	**Toray Industries**	Japan	Mar	4,446	98	5,609	7,299	26.7
430	484	**Kanebo Ltd**	Japan	Apr	3,542	–42	4,216	1,843	26.5
461	459	**Teijin Ltd**	Japan	Mar	3,305	98	4,288	5,052	6.4[6]
		TRADING							
1	2	**Mitsubishi Corp**	Japan	Mar	96,606	225	60,064	12,222	13.9
2	3	**C Itoh & Co Ltd**	Japan	Mar	92,356	126	30,515	5,565	12.0
3	1	**Mitsui & Co Ltd**	Japan	Mar	88,640	95	35,557	6,675	11.4
4	6	**Marubeni Corp**	Japan	Mar	82,871	54	37,330	3,270	10.1
5	4	**Sumitomo Corp**	Japan	Mar	81,709	184	20,546	5,604	12.2
7	7	**Nissho Iwai Corp**	Japan	Mar	75,441	61	22,429	2,054	7.3
20	18	**Toyo Menka Kaisha Ltd**	Japan	Mar	27,631	19	10,032	1,468	5.0
30	22	**Nichimen Corp**	Japan	Mar	23,240	7	9,620	926	3.0[6]
39	24	**Kanematsu-Gosho Ltd**	Japan	Mar	21,160	8	8,661	618	3.5
138	144	**Toyota Tsusho Corp[6]**	Japan	Mar	8,335	31	2,741	1,166	1.6
140	115	**Kawasho Corp[6]**	Japan	Sept	8,310	5	3,945	534	1.6
206	263	**Hyundai Corp**	Korea	Dec	6,387	4	246	123	0.9
239	228	**Franz Haniel & Cie GmbH**	Germany	Dec	5,768	46	1,877	none[3]	18.7
258	259	**Kesko Group**	Finland	Dec	5,541	25	2,673	529	8.0
305	310	**Elders IXL Ltd**	Australia	June	4,833	232	6,961	2,710	26.7
316	302	**Lonrho Group**	UK	Sept	4,694	230	4,114	1,720	124.5
342	283	**Toshoku Ltd**	Japan	Oct	4,395	8	2,659	455	0.9
351	424	**Fletcher Challenge Ltd**	New Zealand	June	4,258	186	5,254	2,248	37.6
378	390	**Chori Co Ltd**	Japan	Mar	4,006	3	2,029	277	1.5[6]
387	353	**Itoman & Co Ltd**	Japan	Sept	3,886	19	5,523	876	1.4[6]
418	386	**Hanwa Co Ltd[6]**	Japan	Mar	3,615	47	4,090	2,293	1.1
457	418	**Inchcape Plc**	UK	Dec	3,341	127	2,149	1,002	44.4
496	455	**Shinsho Corp[6]**	Japan	Mar	3,062	2	1,320	459	1.0

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Rank 1987	Rank 1986	Company	Country	Fiscal year-end	Revenue[1] (mil)	Net income (mil)	Assets (mil)	Market value of common[2] (mil)	Employees (thou)
TRANSPORTATION									
62	60	**Deutsche Bundesbahn**	Germany	Dec	$14,955	$–2,198	$45,182	none[3]	257.5
91	■	**East Japan Railways**	Japan	Mar	11,317	198	31,242	none[3]	89.5
94	91	**SNCF**	France	Dec	11,232	165	25,059	none[3]	218.2
197	229	**Nippon Express Co Ltd**	Japan	Mar	6,594	57	4,663	$7,949	45.6[6]
204	225	**British Airways Plc**	UK	Mar	6,395	257	5,839	1,954	44.0
216	216	**Deutsche Lufthansa AG**	Germany	Dec	6,156	50	5,574	1,859	46.6
261	282	**Japan Air Lines Co Ltd**	Japan	Mar	5,479	–47	6,655	14,432	22.4
264	294	**Air France**	France	Dec	5,455	203	4,572	none[3]	41.8
310	271	**British Railways Board**	UK	Mar	4,751	–123	3,777	none[3]	171.4
375	384	**Danzas Group**	Switzerland	Dec	4,024	6[6]	757[6]	none[3]	12.9
377	306	**Nippon Yusen Kaisha Line**	Japan	Mar	4,006	–22	5,621	4,230	3.6[6]
400	356	**South African Transport Services**	South Africa	Mar	3,754	71	9,975	none[3]	202.8
401	479	**Kinki Nippon Railway Co Ltd**	Japan	Mar	3,750	88	6,426	9,967	13.1[6]
412	416	**SAS Group**	Sweden	Sept	3,650	NA	3,041	none[3]	34.2
420	338	**Canadian National Railway System**	Canada	Dec	3,608	48	5,842	none[3]	50.9
476	■	**All Nippon Airways Co Ltd**	Japan	Mar	3,203	29	4,409	16,222	11.4[6]
495	■	**Schweizerische Bundesbahnen-SBB**	Switzerland	Dec	3,079	16	8,667	none[3]	37.2
UTILITY									
27	32	**Tokyo Electric Power Co[6]**	Japan	Mar	24,434	1,186	66,411	54,753	39.3
31	31	**Electricité de France**	France	Dec	22,582	37	97,122	none[3]	123.8
50	45	**The Electricity Council**	UK	Mar	16,593	1,962	66,399[9]	none[3]	131.9
56	62	**ENEL**	Italy	Dec	15,427	103	46,428	none[3]	114.1
72	67	**RWE Group**	Germany	June	14,037	284	20,321	3,984	72.8
82	84	**Kansai Electric Power Co[6]**	Japan	Mar	12,802	840	33,487	19,967	24.6
85	75	**British Gas Plc**	UK	Mar	12,539	1,389	20,830	9,631	82.3
109	106	**Chubu Electric Power[6]**	Japan	Mar	10,372	1,007	24,408	14,756	20.0
129	137	**Générale des Eaux Groupe**	France	Dec	8,812	174	9,288	2,790	87.1
171	132	**Gaz de France**	France	Dec	7,189	11	11,290	none[3]	28.6
194	193	**Tohoku Electric Power Co[6]**	Japan	Mar	6,640	334	15,939	7,694	13.3
201	208	**Kyushu Electric Power[6]**	Japan	Mar	6,520	291	18,411	6,785	15.0
295	291	**Chugoku Electric Power Co[6]**	Japan	Mar	4,942	248	13,943	5,561	11.6
302	290	**Korea Electric Power Corp**	Korea	Dec	4,871	1	15,861	none[3]	30.3
313	329	**Taiwan Power Co**	Taiwan	June	4,724	1,095	18,027	none[3]	24.2
327	324	**Tokyo Gas Co Ltd**	Japan	Mar	4,569	411	5,372	15,663	13.0[6]
380	342	**Ontario Hydro**	Canada	Dec	3,982	204	25,125	none[3]	32.1
392	347	**Hydro-Québec**	Canada	Dec	3,842	383	24,357	none[3]	18.9
405	419	**Osaka Gas Co Ltd**	Japan	Mar	3,710	238	5,327	9,344	9.9[6]
441	470	**Eskom**	South Africa	Dec	3,462	345	15,880	none[3]	56.8
464	415	**INTERCOM**	Belgium	Dec	3,271	242	8,000	2,510	8.8[6]
493	498	**Bayernwerk**	Germany	Sept	3,094	109	11,635	none[3]	9.5
500	439	**VEW-Vereinigte Elektrizitätswerke Wes**	Germany	Dec	3,040	228	6,242	2,055	8.1

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THE 100 LARGEST FOREIGN INVESTMENTS IN THE U.S.

A record $195 billion poured into the U.S. from overseas investors last year, according to the latest Department of Commerce figures. Some $153 billion flowed into bank deposits and the purchase of Treasurys, corporate bonds and other financial assets. But lured by the cheap dollar, political stability and sharply lower stock prices, foreigners spent a record $42 billion on American plant, equipment, services and real estate last year. The figure was up 68% over 1986.

Some of the biggest direct investment deals involved further consolidation of foreign ownership. The largest was British Petroleum's $7.8 billion acquisition in May 1987 of the remaining 45% of Standard Oil.

When they buy, foreigners tend to buy big, well-known companies and tend not to haggle overmuch on price. According to *Mergers & Acquisitions* magazine, foreigners accounted for less than 9% of the number of U.S. mergers, acquisitions and LBOs in 1987, but 25% of the dollar value. Examples include Campeau Corp.'s purchase of Federated Department Stores, Seagram's acquisition of Tropicana Products and the purchase of Firestone Tire & Rubber by Japan's Bridgestone.

Foreign capital inflows are likely to continue at 1987's record rate. Though it has recovered somewhat, the dollar is still cheap by historical standards. Foreigners, moreover, often have more faith in the U.S. economy than Americans do.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
1	**Seagram Co Ltd***	Canada	EI du Pont de Nemours*	23%	chemicals, energy	$30,224	$1,786.0	$28,209
			Joseph E Seagram & Sons[1]	100	alcoholic beverages	2,440	41.8	3,140
			Tropicana Products	100	beverages	750	NA	NA
						33,414		
2	**Royal Dutch/Shell Group***	Netherlands/ UK	Shell Oil	100	energy, chemicals	20,852	1,230.0	26,937
3	**British Petroleum Plc***	UK	BP America	100	energy	14,611	564.0	23,287
4	**Campeau**	Canada	Allied Stores	100	retailing	2,863[2]	NA	NA
			Federated Dept Stores*	98	retailing	11,118[3]	313.0[3]	6,009[3]
						13,981		
5	**Tengelmann Group**	Germany	Great A&P Tea*	53	supermarkets	9,532	103.4	2,243
6	**B.A.T Industries Plc***	UK	BATUS	100	multicompany	5,835	466.2	4,638
	Imasco Ltd*	Canada	Peoples Drug Stores	100	drugstores	1,396	NA	NA
			Imasco USA	100	fast food	1,360	NA	NA
						8,591		
7	**Unilever NV***	Netherlands	Chesebrough-Pond's	100	personal care	1,087	76.2	NA
	Unilever Plc*	UK	Lever Brothers	100	consumer goods	2,856	7.0	1,011
			Thomas J Lipton	100	food & beverages	1,413	108.6	851
			National Starch & Chem	100	adhesives, starch	1,208	92.2	941
						6,564		
8	**Nestlé***	Switzerland	Nestlé Enterprises	100	food, restaurants	3,500	NA	NA
			Carnation	100	food	2,600	NA	NA
			Alcon Laboratories	100	optical products	450	NA	NA
						6,550		
9	**Hanson Plc***	UK	Hanson USA	100	multicompany	3,598	229.0	2,934
			Kidde	100	multicompany	2,681	44.0	1,843
						6,279		
10	**Petróleos de Venezuela, SA**	Venezuela	Citgo Petroleum	50	refining, marketing	3,938	85.7	1,191
			Champlin Refining	50	refining, marketing	1,555	NA	500E
						5,493		
11	**NV Philips***	Netherlands	North American Philips	100	electronics	5,059	–34.1	3,412
12	**Hoechst AG***	Germany	Hoechst Celanese	100	chemicals	4,596	169.0	5,388
13	**BASF Group***	Germany	BASF	100	chemicals	4,334	130.7	2,558
14	**Bayer AG***	Germany	Bayer USA	100	chemicals	3,392	107.3	2,554
			Agfa-Gevaert	100	photography	807	15.8	573
			Compugraphic*	84	computer typesetting			
						4,199		

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available. [1] Including interest in Du Pont, net income is $418.4 million, assets are $6,727 million. [2] Excludes divestitures. [3] Includes divisions sold to R.H. Macy and May Department Stores. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
15	**Tate & Lyle Plc**	UK	Staley Continental	100%	food distr, processors	$3,374	$54.8	$1,832
			Pacific Molasses	100	molasses, animal feeds	695	20.5E	NA
			Refined Sugars	100	sugar refining			
			Other companies	100	sugar processing			
						4,069		
16	**Bridgestone**	Japan	Firestone Tire & Rubber	100	tire & rubber	3,867	123.0	2,921
17	**Anglo Amer of S Africa***	South Africa	Engelhard*	30	metals	2,479	69.8	1,216
	Minerals & Resources*	Bermuda	Inspiration Resources*	56	agricultural, mining	1,243	9.7	895
	Charter Consol*	UK	Natl Mine Service*	51	mining equipment	59	0.2	34
						3,781		
18	**BCE*†**	Canada	BCE Development US	100	real estate	146	NA	2,000
	Northern Telecom Ltd*	Canada	Northern Telecom	100	telecommunications	2,997	NA	1,807
	Trans Canada Pipeline*	Canada	Great Lakes Gas Trans	50	gas transmission	261	42.8	339
			Northern Border Pipeline	30	gas transmission	232	60.9	1,081
						3,636		
19	**Ahold NV***	Netherlands	BI-LO	100	supermarkets	1,219	NA	363
			Giant Food Stores	100	supermarkets	618	NA	133
			First National Supermkts	80	supermarkets	1,600	NA	NA
						3,437		
20	**Electrolux AB***	Sweden	White Consolidated	100	appliances	3,419	NA	2,248
21	**CS Holding**	Switzerland						
	Financière CSFB	Switzerland	First Boston*	39	investment banking	3,405	108.9	36,148
22	**Imperial Chemical Industries Plc***	UK	ICI Americas	100	chemicals, drugs, paint	3,040	NA	3,000
			Stauffer Chemical	100	agrochemicals	280	NA	400
						3,320		
23	**Brascan Ltd***	Canada						
	Noranda	Canada	Noranda US	100	minerals, forest prods	1,748	NA	1,691
	John Labatt Ltd	Canada	Johanna Farms	100	dairy, juice products	1,504	NA	713
			Other companies	100	package foods, brewing			
						3,252		
24	**Volkswagenwerk AG***	Germany	Volkswagen of America	100	automotive	3,235	NA	NA
25	**Group Bruxelles Lambert**	Belgium	Drexel Burnham Lambert	26	finance	3,200	NA	35,872
26	**Vendex International**	Netherlands	Dillard Dept Stores*	45	retailing	2,206	91.2	1,498
			Barnes & Noble College	30	retailing	950	NA	NA
			Dalton	50	retailing			
						3,156		
27	**Franz Haniel & Cie**	Germany	Scrivner	100	food distribution	3,100	15.0E	450E
28	**Fujitsu Ltd***	Japan	Amdahl*	45	electronics	1,505	142.0	1,508
			Fujitsu America	100	electronics	1,210	NA	NA
			Fujitsu Microelectronics	100	electronics	363	16.0E	146
						3,078		
29	**Thomson SA**	France	Thomson Consumer Elec	100	consumer electronics	3,000	NA	NA
30	**Jefferson Smurfit Group Plc**	Ireland						
	Smurfit Intl BV	Netherlands	Jefferson Smurfit*	78	packaging	1,099	92.0	691
			Container Corp of Am	50	paper products	1,894	87.1	1,452
						2,993		
31	**Delhaize "Le Lion" SA**	Belgium	Food Lion*	44	supermarkets	2,954	85.8	806
32	**Honda Motor Co Ltd***	Japan	Honda of America Mfg	100	automotive	2,850E	NA	NA
33	**George Weston Ltd***	Canada	Stroehmann Bakeries	100	bakery	555	NA	72
			Interbake Foods	100	bakery			
			Eastern Fine Paper	100	paper products			
	Loblaw Cos*	Canada	Peter J Schmitt	100	food wholesaling	1,071	NA	NA
			National Tea	100	supermarkets	1,146	NA	NA
						2,772		

*Publicly traded in the U.S. in shares or ADRs. E: Estimate. NA: Not available. †Formerly Bell Canada Enterprises. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
34	**Siemens AG***	Germany	Siemens Capital	100%	electronics	$2,760	$–244.0	$3,055
35	**CIBA-GEIGY Ltd**	Switzerland	CIBA-GEIGY	100	chemicals, drugs	2,731	NA	2,600
36	**Sony Corp***	Japan	Sony Corp (US)	100	consumer electronics	1,000E	NA	NA
			CBS Records	100	records	1,548	131.7	NA
						2,548E		
37	**Nippon Kokan***	Japan	National Steel	50	steel	2,417	45.8	1,689
			Int'l Light Metals	40	aluminum, titanium	98	–3.0	149
						2,515		
38	**Grand Metropolitan Ltd***	UK	GrandMet Consumer Prods	100	consumer products	990	NA	NA
			Heublein	100	alcoholic beverages	1,500	NA	NA
						2,490		
39	**Petrofina SA**	Belgium	American Petrofina*	83	energy	2,484	83.3	1,836
40	**Royal Insurance Plc**	UK	Royal USA	100	insurance	2,452	115.6	4,455
41	**Hongkong & Shanghai Banking Corp***	Hong Kong	Marine Midland Banks	100	banking	2,444	–408.8	25,453
42	**RTZ Plc***	UK	US Borax & Chemical	100	mining, borax	1,561	151.8	992
			US Silica	100	sand, clays			
			Commonwealth Aluminum	33	aluminum			
	RTZ Pillar Ltd	UK	Indal US	100	building products	453	NA	300E
	Rio Algom Ltd	Canada	Rio Algom	100	metals	350E	NA	NA
						2,364E		
43	**Power Corp of Canada**	Canada	Great-West Life Assur	97	insurance	2,237	–24.0	7,056
44	**Dalgety Plc**	UK	Martin-Brower	100	food distribution	2,217	NA	NA
			Modern Maid Food	100	food products			
45	**Alcan Aluminium Ltd***	Canada	Alcan Aluminum	100	aluminum	2,181	27.0	1,145
46	**Compagnies des Machines Bull***	France	Honeywell Bull	43	information systems	2,060	17.4	NA
47	**Crownx**	Canada	Crown Life Insurance	94	insurance	1,633	NA	3,686
			Extendicare Group	100	health care	313	NA	NA
						1,946		
48	**News Corporation Ltd***	Australia	News America	100	media	1,891	NA	4,244
49	**Régie Nationale des Usines Renault**	France	Mack Trucks*	44	automotive	1,858	3.8	1,011
50	**Henkel KGaA**	Germany	Clorox*	26	household products	1,126	104.9	933
			Loctite	25	chemicals	338	30.0	NA
			Henkel of America	100	chemicals	392	NA	NA
						1,856		
51	**Dainippon Ink and Chemicals**	Japan	Reichhold Chemicals	100	chemicals	774	NA	NA
			Sun Chemical	100	printing, chemicals	800E	NA	NA
			Polychrome	100	printing	277	8.1	256
						1,851E		
52	**AEGON NV***	Netherlands	Life Investors	100	insurance	1,419	32.7	3,759
			Monumental	100	insurance	263	NA	1,327
			National Old Line	100	insurance	106	5.0	427
			AEGON Reinsurance	100	insurance	44	–28.6	138
						1,832		
53	**Bertelsmann AG**	Germany	RCA, Arista	100	records	1,800	NA	NA
			Doubleday Mfg	100	printing			
			Offset Paperback Mfrs	100	printing			
			Bantam, Doubleday, Dell	100	publishing			
54	**Total CFP**	France	Total Energy Resources	100	energy	85	–59.1	NA
	Total Petrol NA Ltd*	Canada	Total Petroleum	100	energy	1,703	–35.7	878
						1,788		

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Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
55	**Daimler-Benz Group***	Germany	Freightliner	100%	automotive	$1,513	NA	NA
	AEG AG*	Germany	AEG	100	elec equip, electronics	250	NA	NA
			Other companies	100	elec equip, computers			
						1,763		
56	**Canadian Pacific Ltd***	Canada	Canadian Pacific USA	100	transportation, steel	400E	NA	$1,200E
			Soo Line*	56	railroad	613	$-8.5	922
	AMCA Intl Ltd*	Canada	AMCA US	100	industrial machinery	749	NA	352
						1,762		
57	**Manufacturers Life Insurance**	Canada	Manufacturers Life Ins	100	insurance	1,700E	NA	NA
58	**Saban SA**	Switzerland	Republic NY*	33	banking	1,665	33.0	22,388
59	**Prudential Corporation Plc***	UK	Jackson National Life	100	insurance	1,626	25.2	3,643
60	**Nissan Motor Co Ltd***	Japan	Nissan Motor Mfg USA	100	automotive	1,586	NA	NA
61	**Montedison Group***	Italy	Himont*	81	chemicals	1,165	226.9	1,512
	Ausimont NV*	Netherlands	Erbamont	72	pharmaceuticals	220	NA	277
			Ausimont Industries	74	chemicals	117	NA	NA
			Conserv	100	agroindustry	77	2.1	38
						1,579		
62	**Beazer Plc**	UK	Koppers*	96	const materials, chem	1,516	10.8	1,075
63	**Zurich Insurance Group**	Switzerland	Zurich-American Ins	100	insurance	895	113.7	2,176
			Universal Underwriters	100	insurance	553	69.7	823
			Other companies	100	insurance	68	6.1	125
						1,516		
64	**National Westminster Bank Plc***	UK	National Westminster Bank US	100	banking	1,055	-212.0	11,539
			National Westminster Bank NJ	100	banking	457	42.0	4,895
						1,512		
65	**Volvo AB***	Sweden	Volvo White Truck	100	automotive	1,089	14.4	911
			VME America's	25	automotive	420	NA	250
						1,509		
66	**General Accident Fire & Life Plc**	Scotland	Gen Accident Corp of Am	100	insurance	1,504	98.0	3,652
67	**Roche/Sapac**	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,500	NA	NA
68	**Nationale-Nederlanden NV**	Netherlands	Nationale-Nederlanden US	100	insurance	1,490	62.7	4,136
69	**Sandoz Ltd**	Switzerland	Sandoz United States	100	chemicals, drugs	1,473	NA	NA
70	**TBG Holding NV**	Netherlands	Ball-InCon Glass	50	containers, packaging	550	NA	NA
			Peerless Pump	100	pumps	900	NA	NA
			Info Technology Group	100	electronic information			
						1,450		
71	**Moore Corp Ltd***	Canada	Moore Business Forms	100	business forms	1,425	NA	813
72	**Carrefour**	France	Costco Wholesale*	21	retailing	1,401	5.1	373
73	**BTR Plc***	UK	BTR Dunlop	100	energy, construction	1,400E	NA	NA
74	**Rhône-Poulenc Group**	France	Rhône-Poulenc	100	chemicals	832	NA	1,300
			Stauffer (basic chemical)	100	chemicals	550E	NA	600E
						1,382E		
75	**Thyssen Group**	Germany	Budd	100	auto parts	1,359	NA	NA
76	**Akzo NV***	Netherlands	Akzo America Inc	100	multicompany	1,053	NA	NA
			Stauffer (specialty chem)	100	chemicals	300E	NA	225E
						1,353E		

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue (mil)	Net income (mil)	Assets (mil)
77	**SNECMA**	France	CFM International	50%	aviation	$1,347	$1.2	$635
78	**BOC Group Plc***	UK	BOC Group	100	gases & health care	1,334	57.9	1,513
79	**Toyota Motor Corp***	Japan	New United Motor Mfg	50	automotive	1,300E	NA	NA
80	**Consolidated Gold Fields Plc***	UK	Newmont Mining* Gold Fields American ARC America	49 100 100	mining natural resources construction materials	514 412 333 1,259	337.6 96.4 NA	1,964 1,160 NA
81	**Commercial Union Assurance Plc**	UK	Commercial Union	100	insurance	1,243	40.1	2,872
82	**Pechiney**	France	Howmet Other companies	100 100	gas turbines aluminum	1,235	NA	1,168
83	**J Sainsbury Plc***	UK	Shaw's Supermarkets	100	supermarkets	1,235	NA	NA
84	**Kuwait Petroleum**	Kuwait	Santa Fe Intl (KPC)	100	energy	1,201	–357.8	3,695
85	**Continental AG**	Germany	General Tire	100	tire	1,200E	NA	700E
86	**Bond Corporation Holdings**	Australia	G Heileman Brewing	100	alcoholic beverages	1,200E	NA	NA
87	**Schlumberger NV***	Neth Antilles	Schlumberger Technology	100	oilfield svs, electron	1,183	–93.0	1,246
88	**Elf Aquitaine Group**	France	Elf Aquitaine	100	multicompany	1,179	NA	3,141
89	**Olympia & York Developments Ltd** ***Trizec***	Canada Canada	Landmark Land* Abitibi-Price* Rouse*	25 78 23	real estate forest products property dev, banking	263 520 388 1,171	–47.5 NA 11.9	2,134 231 1,741
90	**General Electric Plc***	UK	Picker International AB Dick	100 100	medical equipment office equipment	770E 400E 1,170E	NA NA	NA NA
91	**Saint-Gobain**	France	CertainTeed	100	building supplies	1,158	61.4	856
92	**Sun Life Assurance Co of Canada**	Canada	Sun Life (US) Other companies	100 100	insurance financial services	913 233 1,146	–8.8 14.9	3,393 586
93	**NV AMEV**	Netherlands	AMEV Holdings Inc	100	insurance	1,136	16.8	2,255
94	**United Biscuits (Holdings) Plc**	UK	Keebler	100	bakery	1,127	NA	255
95	**Hachette SA**	France	Grolier Curtis Circulation Diamandis Communications	100 100 100	publishing publishing magazine publishing	424 398 300 1,122	15.5 NA NA	444 NA NA
96	**Broken Hill Proprietary***	Australia	Utah International BHP Petroleum (Americas) Hamilton Oil*	100 100 51	mining energy energy	800E 321 1,121E	NA 21.9	NA 955
97	**Pakhoed Holding**	Netherlands	Univar*	35	chemicals	1,117	11.2	395
98	**Siebe Plc**	UK	Robertshaw Controls Ranco Siebe North Barber-Colman	100 100 100 100	auto controls electrical equipment safety equipment building controls	1,111	NA	NA
99	**Beecham Group Plc***	UK	Beecham Beecham Cosmetics Beecham Home Improv Prod Norcliff Thayer	100 100 100 100	drugs, consumer prods cosmetics, fragrances home improvement drugs	1,100	NA	1,050
100	**Robert Bosch, GmbH**	Germany	Robert Bosch	100	auto parts, machinery	1,100	NA	NA

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THE 100 LARGEST U.S. MULTINATIONALS

Even among leftists, "multinational" is no longer a dirty word. As influential development economist Ralph Buultjens explains: "Within the past two or three years, major Marxist countries have discovered the virtues of multinational capitalism in reviving their stagnant economies" (FORBES, *June 27*). This changing mood—and, of course, the falling dollar—has helped these 100 largest U.S. multinationals recapture market share. Last year alone their aggregate sales climbed nearly 15%.

A number of these companies show healthy earnings leverage. Coca-Cola, for instance, has 26% of its assets outside the U.S., but the firm's $1.1 billion foreign operating profit represents 74% of total operating profits. Control Data earned 84.2% of its operating profits in foreign operations yet tied up only 27.6% of its assets overseas.

To rank as one of the 100 largest U.S. multinationals, a corporation had to generate foreign revenues in excess of $1 billion in 1987. Thirteen of the companies below derive more than half of their revenues overseas. The leaders are Exxon, 75.1%; Pan Am, 67.8%; and Gillette at 63.2%.

Others are catching up as "overseas" becomes synonymous with "growth potential." McDonald's, for example, is following PepsiCo and Coca-Cola in spreading American tastes throughout the world. Last year almost 30% of the fast-food giant's $4.9 billion total sales came from foreign operations, up from 23% in 1984.

Strong growth in the OECD countries continues to confound the economists. For 1988, OECD economists recently raised their growth forecast to 3%. But protectionism and other exogenous factors are always potentially dangerous. "The current trade bill will not have a cosmic impact on world trade," says Julie Sedky, vice president of Washington Analysis Corp./County Securities U.S.A., a division of the U.K.'s National Westminster Bank. But Sedky does worry that if President Reagan and Congress cannot reach a compromise on the existing bill, "we will get a more protectionist trade bill next year."

The fondness for Marxist solutions to economic problems in the developing world is still a threat, but a diminishing one. "Third World countries increasingly are realizing," says economist Buultjens, "that multinationals are one of the few sources of capital, technology and management skills that can be introduced with speed and without bureaucracy into their own economic arena."

1987 rank	Company	Foreign revenue (mil)	Total revenue (mil)	Foreign revenue as % of total	Foreign operating profit (mil)	Total operating profit (mil)	Foreign operating profit as % of total	Foreign assets (mil)	Total assets (mil)	Foreign assets as % of total
1	**Exxon**	$57,375	$76,416	75.1%	$3,301[1]	$4,840[1]	68.2%	$37,742	$74,042	51.0%
2	**Mobil**	31,633[2]	52,256[2]	60.5	1,238[3]	2,033[3]	60.9	20,110	41,140	48.9
3	**IBM**	29,280	54,217	54.0	3,330[1]	5,258[1]	63.3	34,468	63,688	54.1
4	**General Motors**	24,091	101,782	23.7	1,919[1]	3,551[1]	54.0	20,389	87,241	23.4
5	**Ford Motor**[4]	23,955	73,145	32.8	1,184[1]	4,625[1]	25.6	24,077	61,090	39.4
6	**Texaco**	17,120	34,372	49.8	863	–1,128	P-D	10,550	33,962	31.1
7	**Citicorp**	13,314	27,519	48.4	–2,293[1]	–1,138[1]	201.5	89,675[5]	198,683[5]	45.1
8	**EI du Pont de Nemours**	11,651[6]	30,468[6]	38.2	682[7]	2,100[7]	32.5	7,757	28,209	27.5
9	**Dow Chemical**	7,431	13,377	55.6	1,278	2,315	55.2	7,037	14,356	49.0
10	**Chevron**	5,905	26,015	22.7	2,006	3,313	60.5	6,947	34,465	20.2
11	**Procter & Gamble**	5,524	17,000	32.5	95[1]	327[1]	29.1	3,849	13,715	28.1
12	**Eastman Kodak**	5,265	13,305	39.6	815	2,132	38.2	5,014	14,451	34.7
13	**Chase Manhattan**	5,021	10,745	46.7	–1,438[1]	–895[1]	160.7	37,280	99,130	37.6
14	**ITT**[4]	4,891	19,525	25.0	384	1,278	30.0	5,908	39,983	14.8
15	**Xerox**[4]	4,852[2]	15,125[2]	32.1	182	575	31.7	5,691	23,462	24.3
16	**United Technologies**	4,713	17,170	27.4	252[1]	592[1]	42.6	3,913	11,929	32.8
17	**Philip Morris**	4,544	22,279	20.4	436	4,067	10.7	3,774	19,145	19.7
18	**Amoco**	4,400[2]	20,477[2]	21.5	517[1]	1,360[1]	38.0	5,734	24,827	23.1
19	**Digital Equipment**	4,373	9,389	46.6	913	1,672	54.6	3,089	8,407	36.7
20	**Unisys**	4,237	9,713	43.6	400	1,432	27.9	2,865	9,958	28.8

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1987 rank	Company	Foreign revenue (mil)	Total revenue (mil)	Foreign revenue as % of total	Foreign operating profit (mil)	Total operating profit (mil)	Foreign operating profit as % of total	Foreign assets (mil)	Total assets (mil)	Foreign assets as % of total
21	**Coca-Cola**	$4,185	$7,644	54.7%	$1,115	$1,499	74.4%	$2,176	$8,356	26.0%
22	**RJR Nabisco**	4,045	15,766	25.7	396	2,486	15.9	4,444	16,861	26.4
23	**Goodyear**	3,997	9,905	40.4	459	1,076	42.7	2,903	8,396	34.6
24	**Hewlett-Packard**	3,968	8,090	49.0	491	1,181	41.6	2,416	8,133	29.7
25	**American Intl Group**	3,875	11,278	34.4	586	1,111	52.7	10,855	27,908	38.9
26	**Johnson & Johnson**	3,845	8,012	48.0	806	1,406	57.3	2,944	6,546	45.0
27	**Tenneco**	3,834	14,790	25.9	234	735	31.8	4,642	18,503	25.1
28	**General Electric**	3,799[2]	40,515[2]	9.4	725	4,430	16.4	6,027	38,920	15.5
29	**Minn Mining & Mfg**	3,616[8]	9,429	38.3	649	1,578	41.1	2,459	8,031	30.6
30	**JP Morgan**	3,590	6,834	52.5	−411[1]	83[1]	D-P	39,095	75,414	51.8
31	**American Express**	3,525	17,768	19.8	−640[9]	687[9]	D-P	23,831	116,434	20.5
32	**Sears, Roebuck**	3,180	48,440	6.6	36[1]	1,649[1]	2.2	2,257	74,991	3.0
33	**Colgate-Palmolive**	3,161	5,647	56.0	130	294	44.2	1,453	3,228	45.0
34	**Bankers Trust New York**	3,156	5,693	55.4	−214[1]	1[1]	D-P	30,182	56,521	53.4
35	**NCR**	3,081	5,641	54.6	391	751	52.1	1,776	4,187	42.4
36	**BankAmerica**	3,051	9,753	31.3	−1,410[1]	−955[1]	147.6	29,159	92,833	31.4
37	**FW Woolworth**	3,037	7,134	42.6	174	491	35.4	1,466	3,299	44.4
38	**Motorola**	2,937	6,707	43.8	209	578	36.2	1,652	5,321	31.0
39	**American Brands** [4]	2,835	6,029	47.0	324	1,071	30.3	2,732	11,314	24.1
40	**Monsanto**	2,756	7,639	36.1	263	764	34.4	2,120	8,455	25.1
41	**Atlantic Richfield**	2,605	16,282	16.0	124[1]	1,224[1]	10.1	2,564	22,670	11.3
42	**Chrysler**	2,591	26,277	9.9	296	2,180	13.6	3,533	19,945	17.7
43	**Merck**	2,561	5,061	50.6	571[9]	1,423[9]	40.1	2,128	5,680	37.5
44	**K mart** [4]	2,546	27,318	9.3	NA	692[1]	NA	1,018	11,430	8.9
45	**Manufacturers Hanover**	2,533	7,757	32.7	−1,267[1]	−1,140[1]	111.1	25,091	73,348	34.2
46	**Aluminum Co of America**	2,521	7,767	39.6	385	677	56.9	4,205	9,902	42.5
47	**Pan Am**	2,437	3,593	67.8	103	−103	P-D	NA	2,216	NA
48	**Kraft**	2,335	9,876	23.6	230	910	25.3	1,001	4,888	20.5
49	**Pfizer**	2,268	4,920	46.1	399	1,034	38.6	2,380	6,923	34.4
50	**Caterpillar**	2,237	8,180	27.3	−16	743	D-P	1,555	6,866	22.6
51	**Sara Lee**	2,214	9,155	24.2	187[9]	632[9]	29.6	1,776	4,192	42.4
52	**CPC International**	2,213	4,903	45.1	264	500	52.8	1,729	3,261	53.0
53	**Cigna**	2,184	16,909	12.9	53	764	6.9	6,215	53,495	11.6
54	**Allied-Signal**	2,140	11,116	19.3	136[10]	515[10]	26.4	2,112	10,226	20.7
55	**Union Carbide**	2,136	6,914	30.9	48[1]	232[1]	20.7	2,875	7,892	36.4
56	**Unocal**	2,093[2]	8,696[2]	24.1	191[11]	444[11]	43.0	1,501	10,062	14.9
57	**GTE**	2,052	15,421	13.3	98[1]	1,119[1]	8.8	3,522	28,745	12.3
58	**Gillette**	2,001	3,167	63.2	342	535	63.9	1,680	2,731	61.5
59	**PepsiCo**	1,970	11,485	17.2	143	1,321	10.8	2,994	9,023	33.2
60	**HJ Heinz**	1,859	4,639	40.1	220	593	37.1	1,383	3,364	41.1

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The 100 largest U.S. multinationals

1987 rank	Company	Foreign revenue (mil)	Total revenue (mil)	Foreign revenue as % of total	Foreign operating profit (mil)	Total operating profit (mil)	Foreign operating profit as % of total	Foreign assets (mil)	Total assets (mil)	Foreign assets as % of total
61	**Occidental Petroleum**	$1,836[2]	$17,746[2]	10.3%	$189[1]	$184[1]	102.7%	$1,913	$16,739	11.4%
62	**Texas Instruments**	1,765	5,595	31.5	93[1]	257[1]	36.2	1,202	4,256	28.2
63	**TRW**	1,755	6,821	25.7	144	589	24.4	1,397	4,378	31.9
64	**Bristol-Myers**	1,754	5,401	32.5	293	1,191	24.6	1,240	4,732	26.2
65	**WR Grace**	1,711	4,515	37.9	223	438	50.9	1,242	4,474	27.8
66	**Bank of Boston**	1,652	4,269	38.7	–213[1]	20[1]	D-P	6,212[5]	31,220[5]	19.9
67	**SmithKline Beckman**	1,651	4,329	38.1	274	921	29.8	1,566	4,446	35.2
68	**Kimberly-Clark**	1,631	4,885	33.4	137[1]	325[1]	42.2	1,299	3,886	33.4
69	**Warner-Lambert**	1,621	3,485	46.5	340	866	39.3	1,104	2,476	44.6
70	**Phillips Petroleum**	1,615	10,721	15.1	492	1,091	45.1	2,227	12,111	18.4
71	**Chemical New York**	1,611	6,628	24.3	–1,209[1]	–854[1]	141.6	20,328	78,189	26.0
72	**Security Pacific**	1,602	7,618	21.0	–475[1]	16[1]	D-P	17,214	72,838	23.6
73	**American Cyanamid**	1,548	4,166	37.2	143[1]	276[1]	51.8	1,055	4,129	25.6
74	**American Standard**	1,520	3,400	44.7	180	286	62.9	1,026	2,398	42.8
75	**PPG Industries**	1,515	5,183	29.2	203	778	26.1	1,443	4,988	28.9
76	**American Home Products**	1,492	5,028	29.7	279	1,285	21.7	1,385	4,608	30.1
77	**McDonald's**	1,456[2]	4,894[2]	29.8	127[1]	549[1]	23.1	2,473	6,982	35.4
78	**Abbott Laboratories**	1,453	4,388	33.1	251	1,028	24.4	1,007	4,386	23.0
79	**Scott Paper** [4]	1,423	4,522	31.5	134[9]	545[9]	24.6	1,352	4,645	29.1
80	**Sun Co**	1,409	8,691	16.2	64[3]	389[3]	16.5	2,624	12,580	20.9
81	**Trans World Airlines**	1,388	4,056	34.2	114[9]	108[9]	105.6	1,457	4,224	34.5
82	**Honeywell**	1,375	6,679	20.6	159	582	27.3	1,191	5,285	22.5
83	**Allegis**	1,360	8,293	16.4	NA	335[1]	NA	NA	8,226	NA
84	**Deere**	1,345	4,135	32.5	–5	–121	4.1	1,020	4,760	21.4
85	**Rockwell International**	1,325	12,123	10.9	165	1,342	12.3	1,425	8,739	16.3
86	**Eli Lilly**	1,310	3,644	35.9	227[9]	598[9]	38.0	1,697	5,255	32.3
87	**Kellogg**	1,302	3,793	34.3	92[1]	396[1]	23.2	1,248	2,681	46.5
88	**Quaker Oats**	1,294	4,421	29.3	120	449	26.7	584	3,250	18.0
89	**Ralston Purina**	1,258	5,868	21.4	110	1,205	9.1	710	3,864	18.4
90	**Baxter Travenol**	1,239	6.223	19.9	233	799	29.2	1,100	7,638	14.4
91	**Emerson Electric**	1,233	6,170	20.0	146	812	18.0	942	4,868	19.4
92	**Avon Products**	1,219	2,763	44.1	190[9]	385[9]	49.4	695	2,559	27.2
93	**AMP**	1,212	2,318	53.4	158[1]	250[1]	63.2	1,023	2,082	49.1
94	**Merrill Lynch**	1,182	10,659	11.1	12[9]	429[9]	2.8	6,849	55,193	12.4
95	**Borden**	1,159	6,514	17.8	121	614	19.7	931	4,157	22.4
96	**Dresser Industries**	1,154	3,120	37.0	88	57	154.4	848	2,882	29.4
97	**Control Data**	1,119	3,367	33.2	48	57	84.2	728	2,639	27.6
98	**Westinghouse Electric**	1,107	10,679	10.4	80	937	8.5	690	9,953	6.9
99	**Schering-Plough**	1,104	2,699	40.9	168	550	30.5	865	3,180	27.2
100	**Continental Corp**	1,060	5,801	18.3	29	261	11.1	2,445	11,725	20.9

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100 U.S.-TRADED FOREIGN STOCKS

HOW FAR WE'VE come. "Today's investor," explains S.G. Warburg & Co. Managing Director Charles Symington, "automatically thinks of international diversification."

Most Americans are best advised to buy foreign stocks in the form of American Depositary Receipts. Joseph Velli, the head of the Bank of New York's ADR division, points out that foreign custodial fees can eat up from 15 to 25 basis points of the assets' value a year. Voting is cumbersome, and it can take around 30 days after a dividend is paid or a security is sold before one's account is credited.

ADRs remove a lot of the hassle. A big U.S. broker such as Merrill Lynch will buy, say, 1 million shares of Kubota from Japan and deposit the Kubota share certificates with the correspondent ADR custodian bank in Japan. Then, in place of these shares, an American depositary bank such as Morgan Guaranty will issue an ADR to the broker. ADRs are often issued in some multiple of the underlying shares.

ADRs, quoted in dollars, offer better liquidity for U.S. investors. Companies must generally conform to most U.S. accounting standards. Dividends are paid in dollars, and ADRs are cleared and settled in five days, like any U.S. security. (The 30 foreign stocks below that are not ADRs have the legal characteristics of U.S. securities.)

This year we have included analysts' consensus estimates of 1988 earnings, provided by Lynch, Jones & Ryan's Institutional Brokers Estimate System (IBES). For those companies where estimates are available, more than 80% should show higher earnings in 1988.

Thanks to the arbs, the price of an ADR or a foreign stock traded here reflects what's happening to exchange rates and in the security's home market. Last year, for example, some investors thought Jaguar was a safe play: If the pound rose, so would the ADR's dollar price; if the pound fell, Jaguar's foreign earnings would lift profits. But the London market apparently feared the rising pound would hurt business. Jaguar ADRs are off 44% from last year. Such are the potential pitfalls of buying abroad.

			Price		EPS		Latest 12-month	
Exch	Company/business	Country	recent	52-week high low	1987	1988 est[1]	P/E	Yield
o	•**AEGON NV**/insurance	Netherlands	41¾	49½–25⅞	$4.62	$5.51	9.0	3.9%
a	**Amer Israeli Paper Mills**/paper products	Israel	13⅜	26½–13⅜	1.96	2.00	6.8	2.4
o	**Aneco Reinsurance**/insurance	Bermuda	3⅛	4¼– 2⅛	0.73	NA	4.3	0.0
o	•**Anglo Amer Corp S Afr**/gold, diamonds	South Africa	15⅞	28⅜–14¾	3.25†	NA	4.9	5.7
o	•**Anglo Amer Gold Inv**/invest precious mtls	South Africa	7⅞	12⅞– 7⅛	0.75†	NA	10.5	7.0
n	**ASA Limited**/closed-end invest co	South Africa	44⅜	72⅞–40⅛	3.67	3.85	12.1	12.4
n	**Ausimont NV**/specialty chemicals	Netherlands	34¼	35 –10	1.91	2.21	17.9	1.8
n	•**Barclays**/bank	UK	29½	37¼–25⅜	1.95	5.69	15.1	6.4
a	•**B.A.T Industries**/tobacco, paper prods	UK	7⅝	11⅝– 6¾	0.99	1.16	7.7	4.3
o	•**Beecham Group**/drugs, food process	UK	16¼	19¼–11⅝	0.63	1.22	25.8	1.9
n	**Benguet**/gold & copper, machinery	Philippines	4⅝	8⅞– 2½	0.31	NA	9.8	2.9
o	**Biogen NV**/biotechnology	Netherlands	6¾	11¾– 3¾	–1.02	–0.36	NM	0.0
o	•**Blyvooruitzicht Gold Mining**/gold, uranium	South Africa	4¾	8⅜– 4⅝	0.97	0.89	4.9	12.4
o	•**Bowater Industries**/paper products	UK	7	9¾– 5¼	0.69	NA	10.1	5.4
n	•**British Airways**/airline	UK	26¼	37½–22⅛	3.95	4.12	6.6	5.5
n	•**British Petroleum**/integrated oil	UK	56⅝	80⅜–44⅞	4.92	5.26	11.5	5.5
n	•**British Telecommunications**/telecomm	UK	42⅞	50 –35	4.46	4.65	9.6	4.0
n	•**Broken Hill Proprietary**/steel, oil & gas prod	Australia	27½	32½–16½	1.76e	2.06	17.2	3.3
o	•**Buffelsfontein Gold Mining**/gold, uranium	South Africa	16¾	24¾–16¼	3.27	2.67	5.1	13.9
o	•**Burmah Oil**/oil	UK	40¾	43½–23⅛	3.12	NA	13.1	3.3

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. •American Depositary Receipts. NA: Not available. NM: Not meaningful. e: estimate. †1986 result. [1]Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD/Investment.

[redacted]

Exch	Company/business	Country	Price		EPS		Latest 12-month	Yield
			recent	52-week high low	1987	1988 est[1]	P/E	
o	•**Cadbury Schweppes**/food processing	UK	73¾	77¼– 34	$3.56	$3.79	20.7	2.2%
o	[illegible]**non**/precision instruments	Japan	48¼	54 – 28¾	0.88	1.10	54.8	0.7
[illegible]	**Commodore Intl**/computer equip	Bahamas	10⅞	11⅝– 6¼	0.71	1.45	9.1	0.0
[illegible]	•**Courtaulds**/textiles	UK	6⅜	8½– 4¾	0.77	NA	8.3	2.7
o	•**De Beers Cons Mines**/diamonds	South Africa	11⅞	17⅝– 7⅞	1.46	1.60	8.1	3.8
o	•**Dresdner Bank**/bank	Germany	136¼	204½–126	19.54	10.59	7.0	3.2
o	•**Driefontein Consolidated**/gold	South Africa	10½	15¼– 9¼	1.26	NA	8.3	7.0
o	•**Elan**/biotechnology	Ireland	9	23 – 6¾	–0.24	0.43	NM	0.0
o	**Elbit Computers**/computer equipment	Israel	4⅛	10¾– 4⅛	0.92	NA	4.5	2.2
n	**Erbamont NV**/drugs	Neth Antilles	28	31⅞– 15½	2.10	2.36	13.3	2.1
o	•**LM Ericsson Tel**/telecommunications	Sweden	40⅜	43⅝– 25¼	2.96	3.34	13.6	3.2
a	**Etz Lavud**/wood & plastic prods	Israel	4¾	11⅜– 3¾	1.06†	NA	2.7	0.0
o	•**Fisons**/drugs	UK	19	26⅛– 15½	1.31	NA	14.5	1.6
o	•**Free St Con Gold Mines**/gold mining	South Africa	9	19⅝– 8½	3.61	1.90	2.5	12.3
o	•**Fuji Photo Film**/photo products	Japan	59¼	68⅜- 44½	2.68	3.10	22.1	0.3
o	•**Gambro AB**/health care equip	Sweden	18⅜	22 – 13¼	0.93	NA	20.0	0.9
n	•**Glaxo Holdings**/drugs, food, med eq	UK	17	30⅝– 15¾	1.08	1.35	13.2	2.6
o	**Gold Fields So Afr**/gold mining	South Africa	18	31⅝– 13⅝	1.68	1.91	10.7	3.9
o	**Gotaas Larsen Shipping**/maritime	Bermuda	35	36¼– 18¼	2.76	3.74	12.7	0.8
n	•**Hanson Trust**/tobacco, food, retail	UK	12½	16 – 9	1.10	1.39	11.4	4.4
a	•**Hard Rock Intl**/restaurants	UK	7⅝	12⅝– 5⅛	0.45	0.50	15.9	2.1
n	•**Hitachi**/electrical equipment	Japan	110⅜	120½– 69¼	3.50	3.45	31.5	0.5
n	•**Honda Motor**/autos, motorcycles	Japan	132¾	147⅞– 78	7.85	7.68	16.9	0.6
o	•**Huntingdon Intl Holdings**/lab services	UK	22¾	28 – 11	1.34	0.75	14.4	0.0
n	•**Imperial Chemical Inds**/chemicals	UK	75½	108⅛– 66½	8.53	9.26	8.9	5.3
o	•**Instrumentarium**/health care equip	Finland	14⅜	14¾– 11⅜	0.98	1.38	14.7	1.5
o	**InterPharm Labs**/biotechnology	Israel	3¼	4⅛– 2¾	–0.25†	NA	1.7	0.0
o	•**Jaguar**/automobiles	UK	4⅞	9⅞– 4⅜	0.63	0.72	7.7	4.5
o	**Japan Air Lines**/airline	Japan	224½	275 –166¼	–0.37e	0.68	NM	0.2
n	**KLM Royal Dutch Airlines**/airline	Netherlands	18¼	27¾– 13¼	3.34e	3.37	5.3	4.1
o	•**Kloof Gold Mining**/gold mining	South Africa	9⅝	16⅛– 8⅞	0.69	0.71	13.9	1.0
n	•**Kubota**/agricultural equip, pipe	Japan	121	121 – 77	1.30	NA	69.5	0.8
n	•**Kyocera**/ceramics, electronics, optics	Japan	83½	98¾– 58½	2.19e	2.71	52.2	0.7
a	**Laser Industries**/health care equip	Israel	3⅞	15⅜– 3¾	0.80	1.10	10.2	0.0
o	•**LVHM***/luxury goods	France	84¼	91 – 38¾	4.49	4.87	18.8	0.3
o	•**Makita Electric Works**/electrical equip	Japan	66½	75¼– 40	2.54e	2.69	50.4	0.8
n	•**Matsushita Electric Indl**/electronics	Japan	197⅜	228 –103¼	6.73	8.23	29.3	0.3
o	•**Minorco**/invsts foreign mines	Bermuda	13¾	17⅞– 9¼	0.51	NA	12.7	2.0
n	•**Natl Westminster**/bank	UK	30⅝	38⅝– 25	3.18	NA	9.7	4.9
o	•**NEC**/telecomm equipment	Japan	82¼	91⅞– 55½	0.90e	1.43	NM	0.3

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. •American Depositary Receipts. NA: Not available. NM: Not meaningful. e: estimate. *Formed by merger, full name LVHM Moët Hennessy Louis Vuitton. †1986 result. [1]Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD/Investment.

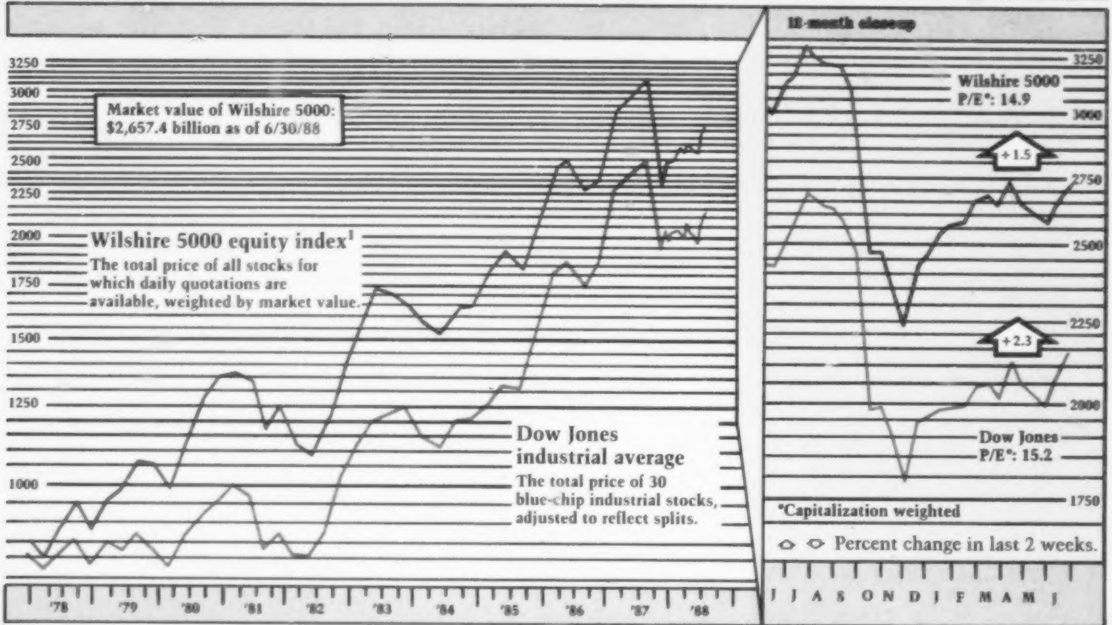
100 U.S.-traded foreign stocks

Exch	Company/business	Country	Price		EPS		Latest 12-month P/E	Yield
			recent	52-week high low	1987	1988 est[1]		
n	●**News Corp**/newspapers, broadcasting	Australia	19	35⅝–12¼	$1.68	$1.83	9.8	0.5%
o	●**Nissan**/automobiles	Japan	15½	16⅛– 8¾	0.18	0.31	NM	1.1
n	●**Norsk Hydro AS**/energy, chemicals	Norway	32⅛	39⅜–19	3.44	4.35	9.3	2.6
n	●**Novo Industri AS**/drugs	Denmark	30⅞	40⅞–17¼	3.07	3.16	10.1	1.7
o	●**Oce-van der Grinten**/copying equip	Netherlands	22¼	45⅜–16½	2.79	2.85	8.0	3.9
o	**Optrotech**/electro-optical sys	Israel	3⅝	6½– 3½	0.55	0.45	6.6	0.0
o	●**Pacific Dunlop**/multicompany	Australia	14⅝	18⅜– 8½	0.85	0.94	17.2	4.0
o	●**Pharmacia AB**/health care equip	Sweden	21⅛	30¼–15	1.05	1.34	20.1	0.9
n	**Philips NV**/elec equip, electronics	Netherlands	15	27⅜–12⅝	1.88	1.63	8.0	6.0
n	●**Pioneer Electronics**/electronics	Japan	48	54⅞–29¾	0.91	1.37	38.1	0.5
o	●**Rank Organisation**/leisure services, mfg	UK	12⅝	13¾– 8⅜	1.10	NA	11.5	3.3
o	●**Reuters Holdings**/intl news services	UK	28⅞	91⅜–25	1.47	1.80	19.6	1.6
o	●**Rodime**/computer equip	UK	2¾	9¾– 1½	–2.40	0.25	NM	0.0
n	**Royal Dutch Petroleum**/integrated oil	Netherlands	115	141 –94⅜	12.92	12.51	8.3	5.8
n	●**Saatchi & Saatchi**/advertising	UK	20¼	34⅜–16½	2.15	2.56	8.7	4.8
o	●**St Helena Gold Mines**/gold	South Africa	8½	20¾– 8	0.88	1.29	9.7	8.5
a	**San Carlos Milling**/sugar	Philippines	3⅞	4⅞– 1½	–0.08†	NA	NM	1.8
o	**Santos** /oil & gas	Australia	14	19⅝– 8⅝	1.18	1.01	11.9	2.1
o	**Sanyo Electric**/electronics	Japan	25⅜	25⅞–14⅛	–0.90	0.13	NM	0.9
n	**Schlumberger**/oilfield svcs, electronics	Neth Antilles	35½	51 –26	1.02	1.69	34.8	3.4
n	**Sea Containers**/maritime	Bermuda	22¾	30½–12	2.16	4.81	10.5	1.1
n	**Shell Trans & Trading**/integrated oil	UK	75⅞	98⅛–67	6.24	7.10	11.3	6.3
o	●**SKF AB**/bearings & steel prods	Sweden	45⅛	62 –32¼	4.69	4.09	9.6	3.8
n	●**Sony**/electronics	Japan	40¼	45¼–21⅝	1.19	1.47	33.8	0.7
n	**Syntex**/drugs	Panama	40⅞	48¾–23	2.07	2.51	17.0	3.2
n	●**TDK**/audio- and videotape	Japan	69	78½–51½	2.26	2.48	30.5	0.8
o	●**Teva Pharmaceutical**/drugs	Israel	5⅝	12 – 4¾	0.72†	NA	7.6	2.1
o	●**Tokio Marine & Fire Ins**/insurance	Japan	76¾	85⅞–48⅛	1.33e	1.40	68.5	0.2
o	●**Toyota Motor** /automobiles	Japan	36	39¼–21½	1.34	1.68	26.9	0.6
a	●**Tubos de Acero de Mexico**/steel	Mexico	3½	11⅞– 1⅞	–0.35	NA	NM	0.0
n	**Unilever NV**/multicompany	Neth Antilles	54¼	73½–38	5.05	5.56	10.7	3.5
n	**Unilever Plc**/multicompany	UK	32⅞	47½–28⅜	3.03	3.22	10.8	3.1
o	●**United Newspapers**/publishing	UK	15	22½–12⅝	1.35	1.45	11.1	5.3
o	**Universal Furniture**/furniture	Hong Kong	15½	20 –10¼	1.18	1.48	12.3	0.8
o	●**Vaal Reefs Expl & Mining**/gold	South Africa	8⅛	15¼– 7¾	0.78	0.92	10.4	9.1
o	**Velcro Inds NV**/fastening tapes	Netherlands	14¼	24½– 9½	1.04	2.00	12.5	6.5
o	●**Volvo AB**/automobiles	Sweden	56⅜	68¼–38⅜	9.12	8.06	6.5	2.7
o	●**WCRS Group**/advertising	UK	9¼	10¼– 6⅜	0.75e	0.95	14.9	0.6
o	●**Western Deep Levels**/gold	South Africa	33½	72½–32¾	2.55	2.96	13.1	6.0
o	●**WPP Group**/advertising	UK	20⅛	20⅞–14¾	0.55	1.51	36.6	1.3

a: American Stock Exchange. n: New York Stock Exchange. o: over-the-counter. ●American Depositary Receipts. NA: Not available. NM: Not meaningful. e: estimate. †1986 result. [1]Source: Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus CD/Investment.

The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



Is the "sentiment" always wrong? Better hope so, in light of what the indicator from *Investors Intelligence* in New Rochelle, N.Y. is saying. The newsletter monitors the bullishness and bearishness of 135 investment advisers. Recently, 50.4% were bearish, versus a long-term norm of 33%. A lot of bearishness among these pros is taken as a bullish signal. Why this paradox? According to the newsletter's editor, Michael Burke, "Money managers are holding a lot of cash" because of their pessimism, and this cash has to find its way back into the market sometime. Contrariwise, last August the sentiment indicator showed that only 19.2% of investment advisers were bearish and 60.8% were bullish. (The rest were on the fence.)

With a 1.6% gain in the last two weeks of June, the Dow has now recovered 40% of the ground it lost between August and October. Historical note: Following the October 1929 crash, the Dow recovered 52% before resuming its collapse.

Closeup On the Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[2]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 2 weeks	1.5	1.5	2.3	1.3	0.7	2.0
in last 52 weeks	–9.6	–10.2	–12.1	–10.1	–9.0	–7.3

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility[3]		P/E multiple		Dividend yield		Growth profile[4]		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 2 weeks	3.9	4.9	9.5	2.1	4.6	4.5	4.0	7.7	7.3	3.4	4.2	3.6
in last 52 weeks	–4.1	17.6	22.3	5.5	–1.5	1.0	1.8	25.0	21.3	5.3	–0.4	13.0

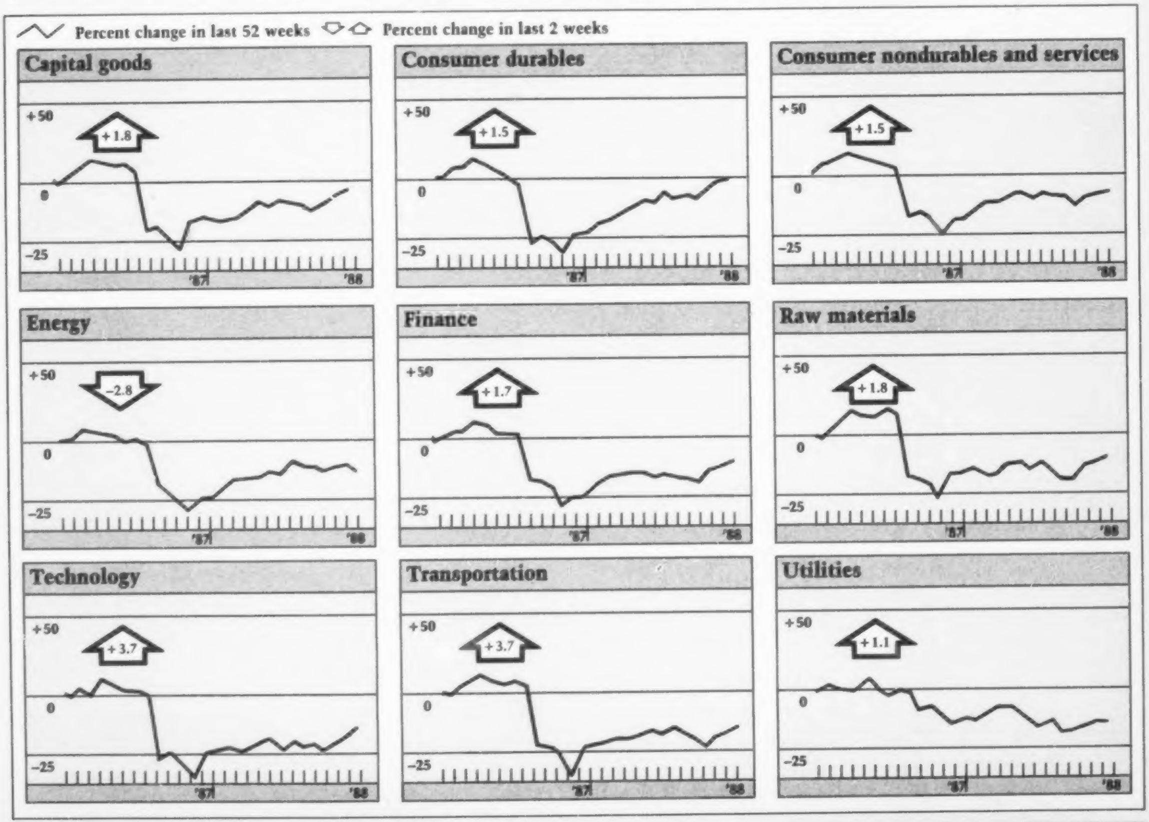
[1] Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. [2] Based on sales. [3] A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable. [4] A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 6/30/88. Prepared by Wilshire Associates, Santa Monica, Calif.

Steven Ramos

Where the Action Is

Going nowhere on a full tank. The abundance of oil is undercutting efforts by the world's oil producers to curtail production and support higher prices. Had the U.S. not deregulated its energy market in 1981, oil prices would quite possibly be much higher and supplies much lower than they now are. But the free market that has been tonic to consumers has been tough on most of the energy industry. During the last two weeks energy stocks declined 2.8%, while the eight other Wilshire groups posted respectable gains. Dresser Industries fell 14.7%, and Ocean Drilling & Exploration lost 12%. Quaker State, Chevron and Phillips Petroleum fell around 9%. A few of the larger energy stocks bucked the trend: Transco Energy was up 9.1% and Ashland Oil, 5.5%.



What the Analysts Think

Ford versus GM. Analysts raised 1988 earnings estimates for consumer durables, raw materials and energy during the last two weeks. Both Ford and GM were upgraded with higher forecasts. Analysts now expect Ford common to earn $5 billion in 1988; GM common, $3.2 billion. For the remaining six Wilshire sectors, forecasts were lowered.

Forecasting the Forbes Sales 500

Performance period	Average earnings per share	P/E
latest 12 months	**$2.69**	**14.5**
1988 estimates	**3.55**	**10.9**
1989 estimates	**3.93**	**9.9**

Rank based on change in estimate	Sector	Estimated 1988 EPS	Estimated 1988 P/E	% change in 1988 estimate in 2 weeks	% change in 1988 estimate in 4 weeks
1	Consumer durables	$4.43	11.6	1.27%	1.90%
2	Raw materials	3.02	10.8	0.73	1.27
3	Energy	3.03	12.3	0.47	1.57
4	Capital goods	2.59	14.9	–0.05	0.72
5	Technology	2.88	12.5	–0.08	0.05
6	Utilities	2.41	10.1	–0.09	–0.15
7	Consumer nondurables	2.49	13.2	–0.23	–0.38
8	Finance	3.43	8.3	–0.46	–0.62
9	Transportation	2.45	11.5	–1.10	–1.14

Earnings projections are capitalization-weighted consensus estimates from over 3,000 security analysts. Data are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 6/30/88. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.

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Capital Preservation

The value of stocks

Are stocks a good storehouse of value? An inflation hedge? A reliable source of income? The answer is a qualified yes—as the generally upward trend of this chart indicates. The two lines below show year-end values of the S&P 500 stock average and annual dividend payouts on the 500, both adjusted for inflation. Dividends have kept ahead of inflation, but in recent years not very far ahead. Stock prices are, in real terms, about where they were 25 years ago. That doesn't mean they are cheap now, because they weren't cheap then; in the early 1960s Wall Street was near the culminating stages of a 20-year bull market. Moreover, current dividend yields average 3.8%—historically low. Conclusion: At current prices most stocks are a good but not great investment.

Dec. 31 S&P 500 stock index in 1987 dollars
300
200
100
80
60
40
S&P 500 annual dividend payments in 1987 dollars
30
20
10
8
6
4
Real stock prices
Real dividends

▨ Stock yield (dividend on S&P 500 divided by index at end of year)
▨ Moody's AAA bond yield

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946
Stock yield	5.1	4.4	3.5	4.5	6.4	10.1	7.3	4.4	4.7	3.5	4.2	7.6	3.9	5.0	6.3	8.2	6.0	5.2	4.8	3.8	4.6
Moody's AAA bond yield	4.7	4.6	4.6	4.8	4.6	4.6	5.0	4.5	4.0	3.6	3.2	3.3	3.2	3.0	2.8	2.8	2.8	2.7	2.7	2.6	2.5

	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Stock yield	5.5	6.1	6.8	7.2	5.9	5.3	5.8	4.3	3.6	3.7	4.5	3.2	3.1	3.4	2.8	3.4	3.0	2.9	2.9	3.6	3.0
Moody's AAA bond yield	2.6	2.8	2.7	2.6	2.9	3.0	3.2	2.9	3.1	3.4	3.9	3.8	4.4	4.4	4.4	4.3	4.3	4.4	4.5	5.1	5.5

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988*
Stock yield	3.0	3.4	3.4	3.0	2.7	3.5	5.2	4.1	3.8	4.9	5.3	5.2	4.5	5.4	4.9	4.3	4.5	3.7	3.4	3.6	3.8
Moody's AAA bond yield	[illegible]	7.0	8.0	[illegible]	7.2	7.4	8.6	8.8	8.4	8.0	8.7	9.6	11.9	14.2	13.8	12.0	12.7	11.4	9.0	9.4	9.9

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* Estimate as of May 27. Sources: *Standard & Poor's Statistical Service;* Moody's Industrial Manual